DOCUMENT RESUME

ED 184 409 HE 012 423

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TITLE Federal Student Assistance.
SPONS AGENCY Sloan Commission on Government and Higher Education, Cambridge, Mass.
PUB DATE Oct 77
NOTE 77p.; For related Sloan Commission documents, see ED 161 306, ED 176 679, ED 179 174, ED 180 273, HE 012 421-427, HE 012 429-432, HE 012 434-439, HE 012 442-445, HE 012 448-449, HE 012 465-474, HE 012 476-480, HE 012 482-490.

EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS Educational Cooperation; Educational Policy; *Federal Aid; *Federal Regulation; *Federal State Relationship; Financial Aid Applicants; Government School Relationship; *Higher Education; *Public Policy; Resource Allocation; *Student Financial Aid; Veterans Education
IDENTIFIERS Higher Education Act Title IV; *Sloan Commission Studies

ABSTRACT

Issues concerning federally sponsored student financial aid programs are discussed, and an overview is presented on the six student assistance programs included within Title IV of the Higher Education Act of 1965 as amended, plus veterans benefits under the G.I. Bill and education benefits under Social Security (OASDI). Information is presented on student eligibility, award levels in 1977-78, application process, award process, beneficiaries, and institutions eligible or participating in each of the six Title IV programs. Problems that divide the federal government and higher education institutions include the absence of any federal student aid strategy. There is a need for guidance in defining the respective federal and states roles in student financial aid. The large number of statutory authorities affecting postsecondary education and student assistance makes the situation unnecessarily complex. A federal strategy is necessary to promote good public policy at the state level, where pricing and aid strategies are dependent upon factors such as the ratio of private and public colleges. Most of the specific problems associated with federal student assistance, from unclear legislation to difficult regulations, ultimately follow from the lack of a federal strategy. The role of regulation, the allocation system of funds to states, and the tripartite application process are considered. Implications for the future of student financial aid are discussed. (SW)

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# FEDERAL STUDENT ASSISTANCE

A paper prepared for the Sloan Commission on Government and Higher Education

ED 184409

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October, 1977

HE 012 123

## INTRODUCTION

We have witnessed since the mid-1960s a series of urgent federal efforts to address a multitude of social issues. Those issues have ranged from civil rights to consumerism, from occupational safety and health to the rights of privacy. But they have also included affirmative action, age and sex discrimination, wage and hour legislation, social security, environmental protection, treatment of the handicapped, and, most recently, retirement protection. In all of these efforts, higher education has not necessarily been the primary or even secondary object of federal concern. Instead, colleges and universities usually have been included in these various initiatives as business and social enterprises[1]. It is as recipients of federal support or as employers and providers of services to large segments of the society, that colleges and universities have been caught up in the growing tendency to legislate compliance to new and ever more demanding standards of institutional behavior.

It is because much of this legislation has been ostensibly focused elsewhere that higher education has had such difficulty

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[1]The federal government's constitutional authority in these areas derives from its spending power, whereby it can establish conditions to be met by recipients of federal funds, and secondly through its power to regulate interstate commerce, and, by extension, labor and management relations. See L. W. Bender, Federal Regulation and Higher Education, ERIC/Higher Education Research Report No. 1, (1977), pp. 47-48.

dealing with its effects. In facing the stampede of federal initiatives outlined above, colleges and universities have seldom been in a position to understand and articulate the likely impact beforehand, and if they have, they have found themselves in the unenviable position of pleading exemption from legislation whose goals are estimable. Where a case has been made, it has, of necessity, often been argued before congressional committees which have not had primary jurisdiction over or understanding of academic institutions.

Once legislation has been enacted, regulations and guidelines have, sooner or more often later, been forthcoming--but from administrative units that typically have had few prior dealings with colleges and universities and have little comprehension of how their bureaucratic strictures actually apply on campus. The fact that the social goals of different pieces of legislation may conflict (for example: the proposed extension of the mandatory retirement age to seventy and affirmative action goals)[2] is seldom anticipated beforehand or acknowledged after the fact. Institutions of all kinds have usually been left to deal with such incongruities on their own.

There is an additional common thread in these growing federal involvements in the operations of private institutions of all kinds. The various initiatives cited above have without exception involved costs without revenues, requirements without compensation. If this

[2]Or, as another example, the effect of rights of privacy legislation upon affirmative action, since a student's right to know can discourage subjective judgements about the student and force increased institutional reliance upon standardized tests.

has presented problems for profit-making enterprises, at least in theory they have had the option of passing the costs on to the consumer through price increases. For colleges and universities, expecially private institutions, where tuition covers only a portion of costs, and where a high percentage of the student body must be subsidized even at existing tuition levels, the continued ability to pass on federally mandated costs is questionable, especially in the face of competition from lower priced tax-payer supported institutions.

It is against this wider background of federally imposed burdens that this paper attempts to examine but one part of the relationship between higher education and the federal government--the mutual endeavor called student assistance. The history of this endeavor is different in a number of important ways from the list of federal initiatives cited above. First and foremost, federal student assistance, broadly defined[3], has produced a cumulative federal investment in student aid from the first G.I. bill (1944) to the present of approximately $60 billion. Although it has primarily taken the form of direct investment in students, it has also involved significant payments to institutions of higher education on behalf of students. In certain instances, but not uniformly, and seldom

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[3]To include not only the six key programs in Title IV of the Higher Education Act, but veterans benefits under the G.I. bill and education benefits under Social Security (OASDI) as well.

adequately, the federal government has also provided a degree of compensation to colleges and universities for the important role they have typically played in the administration of most student aid programs.

Secondly, the history of federal student assistance has been marked by extensive governmental reliance upon institutions of higher education to perform functions and make decisions upon behalf of the government. As Chester E. Finn, Jr. has observed[4], it is the private accreditation system which has determined institutional eligibility for federal student aid programs, and it is private needs analysis systems which have determined which students qualify for federal aid. Finally, it is institutional student aid officers who have played a central role in the administration of the three "campus-based" programs[5] by serving on panels which have annually reviewed institutional student aid funding requests (a peer review system similar to that used in federal research awards).

Thus, whereas the apparent causes of discord between higher education and the federal government in student aid are often the same as in other areas, namely complex, conflicting, and overly restrictive regulations, the genesis of the discord is actually different. In the case of most of the social legislation of the past decade, federal policies have not been designed with any special

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[4]C. E. Finn, Jr., "Federalism and the Universities", Change, (Winter 1975-6), pp. 24-29.

[5]The National Direct Student Loan Program, the College Work-Study Program, and the Supplemental Educational Opportunity Grant Program.

awareness of or concern for the differences between a college and and a chemical company. In the case of student aid, however, the problem has not been one of misdirected policies, but the fact that the federal government has really had no policy at all. In spite of three decades of involvement and $60 billion of expenditures, no student aid architecture or coherent strategy exists. Instead, the federal approach to student aid, like federal higher education policy generally, has been to view higher education as a means to accomplish diverse, and too often transient, federal goals, be it the readjustment of veterans into civilian life, economic opportunity or national defense. Only with the Education Amendments of 1972, and the enactment of the Basic Educational Opportunity Grant program could it be said that the fundamental objective of general access to post-secondary education could be added to the list.

The sequential enactment of a variety of unrelated programs characterized by different purposes, funding levels, delivery mechanisms, and types of aid has resulted in an extraordinarily complex system of student aid with legislative and administrative responsibility lodged in a variety of congressional committees and government agencies. In the case of the United States Office of Education, which has administrative responsibility for six of the eight key student assistance programs, the enactment of those programs over the period from 1958 to 1972 has resulted in a programmatic, as against a functional, approach to management. As individual

programs were enacted, new and structurally autonomous administrative units were created to manage the programs, each with its own staff, computer systems, information requirements, definitions, rules, and regulations. Not surprisingly, the reports, definitions, rules, and regulations of the different programs have seldom been the same, and, not infrequently, have conflicted.

These newly created program offices have often proven inadequate to the task of managing complex and sometimes rapidly growing programs, and as various problems, including fraud and abuse, have appeared over time, a predictable sequence of events has taken place. Indignant and unhappy congressional committees through oversight hearings have subjected program managers to criticism and pressure. This in turn has resulted in the introduction of more restrictive and often ill-considered regulations. This now predictable sequence is, understandably, a cause of increasing frustration for institutions of higher education and fault finding and recrimination by all parties concerned--the Congress, the executive branch, and colleges and universities.

If this were the extent of the difficulty, the problem would be serious enough. However, it masks an even more fundamental concern. The absense of an overall federal student aid strategy is not without consequences. The expenditure of billions of dollars annually in a somewhat haphazard manner has considerable consequences--for students, for institutions, and for other governmental entities, most

notably the fifty states. As higher education enters a more competitive, uncertain era, the unintended effects of federal student aid policies can greatly affect the vitality and diversity of the higher education community. Fortunately, the period ahead also may be the most propitious in the now long history of federal student assistance for the various parties to fashion an overall strategy and to undertake some constructive and needed reforms.

## II. THE PROGRAMS: AN OVERVIEW

Within the purview of this paper are eight programs: the six student assistance programs included within Title IV of the Higher Education Act of 1965 as amended[6], plus veterans benefits under the G.I. Bill and education benefits under Social Security (OASDI). Together, outlays under these various programs totalled approximately $9 billion in fiscal year 1976 and represented approximately three-quarters of total federal funds spent, directly or indirectly, in support of postsecondary education[7].

### Title IV Programs

In the two decades since the National Defense Education Act (1958) authorized the National Defense Student Loan Program (NDSL), an array of federal student assistance programs have come into being. The Economic Opportunity Act of 1964, which launched the War on Poverty, also created the College Work-Study Program (CW-S). (In 1965 CW-S was included under Title IV of the Higher Education Act and administrative responsibility was transferred from the Office of Economic Opportunity to HEW.) The Higher Education Act of 1965

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[6]The National Direct Student Loan Program, the College Work-Study Program, the Supplemental Educational Opportunity Grant Program, the Guaranteed Student Loan Program, the Basic Educational Opportunity Grant Program, and the State Student Incentive Grant Program.

[7]Over and above student aid, broadly defined, the other large category of expenditures is federally funded research and development (approximately $2.5 billion in 1976). See National Patterns of R & D Resources, 1953-77, NSF 77-310.

authorized both the Educational Opportunity Grant Program (subsequently changed to the Supplemental Educational Opportunity Grant Program in 1972) and the Guaranteed Student Loan Program (GSLP), which provided federal insurance of educational loans made by commercial lenders. The Education Amendments of 1972 saw the enactment of two additional grant programs, the Basic Educational Opportunity Grant (BEOG) program and the State Student Incentive Grant (SSIG) program, the latter a matching program to encourage states to initiate and expand state grant programs. Thus, in the space of fourteen years from 1958 to 1972, higher education has witnessed the enactment of six different federal programs of student assistance, including three grant programs, a work-study program, and two loan programs[8].

As might be expected, federal outlays under the six Title IV programs have grown considerably over the period since 1958, and particularly since the Education Amendments of 1972 which established BEOG. Growth in federal outlays for the various programs is shown in Table A.

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[8]Additional information regarding the six programs can be found as Appendix A.

## Table A

### TITLE IV STUDENT ASSISTANCE OUTLAYS[a]

(millions of dollars)

| | Fiscal Years[b] | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1959 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 est. |
| **Loan Programs** | | | | | | | | | | | | | |
| NDSL | $ 31 | $179 | $190 | $190 | $190 | $189 | $237 | $286 | $286 | $286 | $286 | $321 | $321 |
| GSLP | -- | -- | 5 | 20 | 48 | 85 | 160 | 230 | 286 | 414 | 494 | 594 | 700 |
| Subtotal | $ 31 | $179 | $195 | $210 | $238 | $274 | $397 | $516 | $572 | $700 | $780 | $915 | $1,021 |
| **Grant Programs** | | | | | | | | | | | | | |
| (S)EOG | -- | -- | 58 | 109 | 137 | 145 | 165 | 178 | 210 | 210 | 210 | 240 | 240 |
| BEOG | -- | -- | -- | -- | -- | -- | -- | -- | -- | 50 | 357 | 937 | 1,526 |
| SSIG | -- | -- | -- | -- | -- | -- | -- | -- | -- | 19 | 20 | 44 | 60 |
| Subtotal | -- | -- | 58 | 109 | 137 | 145 | 165 | 178 | 210 | 279 | 587 | 1,221 | 1,826 |
| **Work Programs** | | | | | | | | | | | | | |
| CW-S | -- | 76 | 140 | 131 | 162 | 169 | 200 | 237 | 270 | 270 | 270 | 420 | 390 |
| TOTAL | $ 31 | $255 | $393 | $450 | $537 | $588 | $762 | $931 | $1,052 | $1,249 | $1,637 | $2,556 | $3,237 |

a) All data are from statement by Ernest L. Boyer, U.S. Commissioner of Education, before the Subcommittee on Postsecondary Education, U.S. House of Representatives, May 25, 1977. In the case of NDSL, SEOG, CW-S and SSIG, amounts represent total federal funds available, regardless of years appropriated. Data for GSLP and BEOG, represent actual expenditures.

b) Fiscal years ended June 30, 1959 through 1976 and September 30, 1977.

What is interesting is the change in the mix of outlays between loan programs, college work-study and grant programs over time. This is shown below at various periods.

Table B

| % of Title IV Outlays for: | 1966 | 1970 | 1973 | 1976 | 1977est. |
|---|---|---|---|---|---|
| Loan Programs | 70% | 47% | 54% | 36% | 32% |
| CW-S | 30 | 29 | 26 | 16 | 12 |
| Grant Programs | -- | 24 | 20 | 48 | 56 |
| Total | 100% | 100% | 100% | 100% | 100% |

It is apparent from Tables A and B that in retrospect during the late 1960s, as enrollments and the need for student assistance grew enormously, the federal response to that need was not a balanced one. Instead, the response was heavily weighted toward loans. Because the Guaranteed Student Loan Program relied on private capital, because it was highly elastic, and because, at least in the beginning, it required relatively modest federal appropriations, the major federal contribution to the burgeoning demand for student assistnace in the late 1960s and 1970s was through the GSLP. In 1972 when loan assistance under the GSLP and NDSL totalled approximately $1.7 billion, total grant assistance provided under the Educational Opportunity Grant program was one-tenth of that figure. (See Table C). In reviewing this record, the extent to which the federal government

fostered the growth of student credit, to the relative exclusion of grant and work funds, has to be considered a major factor in the default and delinquency problems of the present period. Estimates of the amount of student assistance provided in two periods--1972 and 1976-- is shown below in Table C. Because certain programs require matching funds from institutional or state sources (NDSL, CW-S and SSIG), because one program primarily relies on private capital (GSLP) and because one involves revolving loan funds (NDSL) the actual amounts of student aid provided in any year differs from federal outlays for the programs in that year[9].

Table C

Estimated Amounts of Student Assistance
Made Available by Various Federal Programs
1971-2 and 1975-6

(000,000)

| Fiscal Yr. Ended June 30 | BEOG | SEOG | SSIG[a] | Total Grants | CW-S[b] | NDSL[c] | GSLP | Total Loans | Total Student Aid |
|---|---|---|---|---|---|---|---|---|---|
| 1972 | --- | $178 | --- | $178 | $260 | $398 | $1,302 | $1,700 | $2,138 |
| 1976 | $937 | $240 | $ 66 | $1,243 | $506 | $551 | $1,470 | $2,021 | $3,770 |

a) Includes 50% state match.
b) Includes 20% institutional match
c) Includes loans made from revolving loan funds as well as new federal capital.

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[9]Outlays also differ from appropriations since BEOG, SEOG, NDSL, CW-S and SSIG (but not GSLP) are forward funded--i.e. amounts appropriated in one fiscal year become available as outlays to students, institutions, and states in the following fiscal year.

# TABLE D

## DESCRIPTION OF THE TITLE IV PROGRAMS

| PROGRAM | TYPE OF AID | STUDENT ELIGIBILITY | AWARD LEVELS IN 1977-78 | APPLICATION PROCESS | AWARD PROCESS | BENEFICIARIES | # INSTITUTIONS ELIGIBLE OR PARTICIPATING |
|---|---|---|---|---|---|---|---|
| BEOG | grant | undergraduates, enrolled on at least a half-time basis at an eligible institution of postsecondary education (accredited colleges, universities, vocational, proprietary institutions). | $1400, minus expected family contribution as determined by USOE student eligibility index. Grant may not exceed one-half actual cost of attendance at institution in which student is enrolled.<br><br>Minimum award - $200<br>Maximum award - $1400<br>Maximum authorized award increases to $1800 in 1978-79, if funded. | Student applies directly to government using BEOG application; or, for first time in 1977-78, by using Financial Aid Form (FAF) of major private needs analyses services (CSS and ACT). | Funds actually dispersed through educational institutions, with individual awards determined by Student Eligibility Report and BEOG Payment Schedule. | In 1976-77, approximately 1.9 million students received average awards of $790. In 1975-76, 65.5% of recipients attended public, 25% private non-profit and 9% proprietary institutions. Almost half of recipients were minorities. 38% of the recipients are independent students; one-half of those who are dependent come from families with incomes below $7500. | BEOG recipients attended 6270 separate institutions in 1976-77. |
| SEOG | grant | undergraduates, enrolled on at least a half-time basis at a participating institution who has "exceptional financial need". USOE has defined this to mean students whose expected family contribution does not exceed one-half the cost of attendance. | Award cannot exceed $1500 or one-half total student aid provided to the student by the institution.<br><br>Minimum award - $200<br>Maximum cumulative award - $4000 ($5000 in the case of 5-year course of study) | Institution applies to USOE annually for SEOG funds using Tripartite Application. Requests are reviewed by regional panels who recommend the institutional level of funding. | 90% of the available funds for initial year (IY) awards are distributed to the states based on a legislatively mandated formula (based on enrollments). The other 10% is used to bring each state up to at least its 1972 funding level. The Commissioner has discretion over continuing year (CY) awards. They have been allocated so that every state receives in funding the same % of its total panel approved CY requests as every other. Institutional financial aid officers make the actual awards among eligible enrolled students at the institution. | In 1976-77, an estimated 445,000 students received average awards of $520. It is estimated that 47% of the recipients were minorities. | 3406 institutions participated in 1976. Approximately 6000 are eligible. Average institutional award was $69,090. |
| SSIG | grant | undergraduates, enrolled on at least a half-time basis at an eligible institution (same as BEOG) who have "substantial financial need" (which is defined by the individual states and approved by USOE.) | $1500 maximum, of which at least half the funds must come from the state. | Student applies to state agency in his or her state of residence. | Available federal funds are dispersed to states according to statutory formula (based on enrollments), and must be matched by the state and represent additional expenditures over a base year. | In 1975-5, students attending public institutions accounted for 60% of the recipients, 44% of the funds, students at private colleges and universities 19% and 53% respectively. In 1976, 176,000 students received SSIG awards. | All states have now established eligible state grant programs. |

# TABLE D

## DESCRIPTION OF THE TITLE IV PROGRAMS (CONTINUED)

| PROGRAM | TYPE OF AID | STUDENT ELIGIBILITY | AWARD LEVELS IN 1977-79 | APPLICATION PROCESS | AWARD PROCESS | BENEFICIARIES | # INSTITUTIONS ELIGIBLE OR PARTICIPATING |
|---|---|---|---|---|---|---|---|
| CW-S | federally subsidized part-time employment | undergraduate, graduate, vocational and professional school students, enrolled on at least a half-time basis at participating institutions, who have "great financial need". | No specific limits. Amounts are limited by amount of students' need, institutional rate of pay and number of hours available to work. | Same as SEOG--institutions apply annually, using Tripartite Application. Requests are reviewed by regional panels who recommend the institutional level of funding. | Like SEOG, appropriations are distributed to the states based upon a legislatively mandated formula (using different criteria than SEOG). Institutional financial aid officers make actual awards. Federal funds support up to 80% of wages paid to students under the program for both on-campus and certain off-campus employment. | In 1976-77, an estimated 895,000 students were aided with average earnings (including non-federal share) of $525. In 1975-76, public institutions received 45% of the funds, private non-profit institutions 43% and proprietary institutions 12%. 94% of funds went to undergraduates, 6% to post-baccalaureate students. Program serves middle-income ($10-20,000) students to a greater degree than BEOG, SEOG. | 3215 institutions participated in 1976. Approximately 6000 are eligible. Average institutional award was $123,000. |
| NDSL | subsidized educational loans | undergraduate, graduate, vocational and professional school students, enrolled on at least a half-time basis at participating institutions, who are "in need thereof to pursue their course of study." | Aggregate loan may not exceed $10,000 for graduate student, $5,000 for undergraduate who has completed two or more years toward bachelor's degree and $2,500 for all others. No interest charged during in-school, grace and specified deferment periods, 3% thereafter. Repayment in equal installments over 10 years. Loans cancelled in the event of death, disability, and under certain other circumstances. | Same as SEOG and CW-S--institutions apply for additional federal capital annually, using Tripartite application. Institutions serve as lenders and establish revolving loan funds, with 90% federal funds and 10% institutional funds. Since 1959 federal capital contributions have totalled almost $4 billion. | Like SEOG and CW-S, appropriations are distributed to the states based upon a legislatively mandated formula (different from SEOG and CW-S). Institutional financial aid officers make actual awards. | In 1976-77, an estimated 834,000 students received average loans of $690. | 3167 institutions participated in 1976. Approximately 6,000 are eligible. Average institutional award was $107,000. |
| GSLP | subsidized educational loans | undergraduate, graduate, vocational, and professional school students, enrolled on at least a half-time basis at an "eligible" institution". Loan may be used to fill student need or to finance parental contribution. | Undergraduate loan limits: not to exceed $2500 per year up to $7500 aggregate. Graduate loan limit: up to $5000 per year and $15,000 aggregate (including undergraduate loans). Interest rate is 7%. For students with adjusted family incomes of less than $25,000, or who have need, federal government pays interest during in-school, grace and deferment periods. Repayments similar to NDSL. | Student applies to lender, which is usually a commercial financial institution, but in certain cases is an educational institution authorized to serve as lender. | Lenders use private capital. Federal government pays interest for most students during in-school, grace and deferment periods, plus a special allowance to lenders, plus insures lenders against borrower's death, disability or default. In 26 states, the states provide the guarantee and are responsible for the program with the federal government providing reinsurance and an administrative allowance. In the states that do not have guaranty programs the federal government insures lenders directly (known as the Federal Insured Student Loan Program). | In the 15 months from 1/1/75 to 9/30/76, under the state guaranty and FISL programs, a total of 1.3 million loans for $1.8 billion were originated. The average loan was about $1400. | Although there are 19,000 eligible lenders under the GSLP, only about 3,000 are active participants. The loans have been used at approximately 9,000 institutions of postsecondary education. |

As Table C indicates, the grant/loan imbalance has only recently been addressed, primarily as the result of the implementation of the BEOG program, class by class, over the 1974-1977 period[10]. In the current 1977-78 academic year, for the first time, the grant aid made available by the federal government through BEOG, SEOG and SSIG (about $2.2 billion) should equal or exceed the amount of student credit made available under the NDSL and GSL programs.

As already indicated, the six Title IV programs have been enacted since 1958 to meet a variety of perceived student needs and they have enjoyed varying appropriations support. Equally important, they have been designed with different delivery systems and definitions of student and institutional eligibility. Some sense of the extraordinary complexity of the six programs is indicated by Table D. (See next page).

Collectively the six Title IV programs described above presently involve 2.8 million students, 9,000 educational institutions of all descriptions, organizations engaged in needs analysis, several thousand credit institutions of all kinds, state government and their agencies and various branches of the federal government. The six programs also incorporate all forms of student aid (grants, work and loans), very different delivery systems, different conceptions of need (whether based on income or related to

[10]In 1973-4, the first year of the BEOG program only freshmen were eligible. Since then one class has been added each year with the result that freshmen through seniors were covered by the program in the 1976-77 year.

cost of attendance), different descriptions of need ("exceptional need", "substantial need", "great need", or just need), and different funding mechanisms ranging from non-discretionary obligations (for GSLP interest, special allowances, insurance and default payments) to quasi-entitlements (BEOG) to discretionary appropriations (SEOG, CW-S, NDSL, and SSIG). Certain programs serve just undergraduates, or their equivalent; others (NDSL, CW-S, and GSLP) serve post-baccalaureate students as well. The three campus-based programs primarily serve the age 18-21 population; others, most notably BEOG, are serving large numbers of students far beyond the traditional college age[11].

But if the Title IV programs can make claim to the greatest complexity, they cannot lay claim to being the largest federal programs serving students. In fiscal year 1975-76, that distinction went to two programs that are not even based on need, nor considered by many to be student assistance--veterans benefits under the G.I. Bill and student benefits under social security.

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[11] In 1976-77, 38.2% of the students eligible for BEOG awards were independent students, including large numbers of "non-traditional" students in the age range 25 to 40. It is interesting to note that the two Title IV programs with the largest federal outlays, BEOG and GSLP, involve large expenditures for students other than the current college generation. GSLP special allowance, insurance and default payments are largely for past students; many BEOG awards are going to older, non-traditional students.

The G.I. Bill

Throughout American history, from colonial times onward, benefits of various kinds have traditionally been provided to both disabled and able-bodied veterans who have served in the armed forces during time of war. No Congress has failed to provide some form of additional compensation to such individuals, be it in the form of land grants, cash bonuses, pensions, health care, and, most notably since World War II, educational benefits.

For 32 of the 35 years since the passage of the Serviceman's Readjustment Act of 1944 (The G.I. Bill), those who have served in uniform have benefited from a program of educational assistance payments upon their discharge.[12] Only those whose service happened to fall in the period 1947-1950 have not been so aided. In total during this period from June, 1944 to June 1976, almost 17 million persons and about one out of every 15 living Americans, have received training under one of the three G.I. Bills, at a total cumulative cost of approximately $40 billion. Certain facts about the three G.I. Bills, through 6/30/76, are presented on the following page.

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[12]There have been three G.I. Bills: the original act of 1944 covered those who served in the armed forces between 1940 and 1947; the second, Korean Conflict bill, covered those who served between 1950 and 1955, and the third, Post Korean, Vietnam era bill, has covered those who served between January 31, 1955 and December 31, 1976.

Table E

| | W.W.II Bill | Korean Conflict Bill | Vietnam Era Bill (to 6/30/76) |
|---|---|---|---|
| # veterans who received training (000) | 7,800 | 2,391 | 6,522 |
| % of veteran population | 50.5% | 43.4% | 63.6% |
| Total cost (billions) | $14.5 | $ 4.5 | $20.3 |
| % of recipients who trained in college | 28.6% | 50.7% | 55.9% |

The Vietnam Era G.I. Bill became effective January 1, 1966, and provided benefits to all those who served on active duty from January 31, 1955, to December 31, 1976[13]. Persons who completed 18 months or more of active duty are eligible for up to 36 months of full-time schooling benefits, with an additional 9 months of benefits (for a total of 45) if they are used toward a standard undergraduate college degree. Benefits must be used within 10 years of discharge from the service.

Assistance for single veterans attending an institution full-time began at $100 per month in January, 1966, with an additional

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[13]The Veterans' Educational and Employment Assistance Act of 1976, (October 1976) terminated Vietnam Era G.I. Bill benefits for those who entered the armed forces after December 31, 1976. As an aid to recruitment, a new program was enacted for those entering the military on January 1, 1977, or thereafter whereby military personnel can set aside $50 to $75 per month up to a total of $2,700 for future education benefits and have them matched by the Veterans' Administration two for one.

$25 per month for each of the first two dependents. The benefits were increased in 1967, 1970, 1972, 1974 and 1976 to the levels shown below.

Table F

Monthly G.I. Bill Education Benefits
As Amended 10/1/76[a)]

| Category of Attendance | Single Veterans | With one Dependent | With two Dependents | Each Additional Dependent |
|---|---|---|---|---|
| Full-time institution | $292 | $347 | $396 | $24 |
| Full-time cooperative farm | 235 | 276 | 313 | 18 |
| Full-time on-job training | 212 | 238 | 260 | 11 |

a) Approximately 80% of all veterans training on a half-time or better basis under the current G.I. bill have at least one dependent and 61% have two or more dependents.

Thus, under current law, a single veteran attending an institution on a full-time basis receives $2,628 per academic year (nine months) to cover tuition and subsistence costs, and is theoretically eligible for a maximum of $13,140 of educational benefits (45 months). In addition, veterans are eligible for the Veterans Administration work/study program, which provides an additional $625 per school year in assistance. To reflect the need for additional resources of veterans who choose higher-priced institutions, whether public or private, in 1974 the Congress enacted a

veterans education loan program in the amount of $600 per year. In 1976 the maximum annual loan was increased to $1,500.[14]

Veterans "educational assistance and readjustment benefits" totalled $5.3 billion in 1976[15]. Included in this total are Chapter 34 (Title 38, U.S. Code) educational benefits to veterans ($5.03 billion); Chapter 35 educational benefits to dependents of those who died or were permanently disabled while in uniform ($186 million); and Chapter 31 vocational rehabilitation benefits for veterans who are in need thereof to overcome service-related disabilities ($118 million). Chapter 34 veterans benefits and Chapter 35 dependents benefits are shown below for the period 1967-76.

| Fiscal Year | Veterans Educational Assistance (000,000) | Dependents Educational Assistance (000,000) |
|---|---|---|
| 1967 | $ 252 | $ 34 |
| 1968 | 407 | 37 |
| 1969 | 615 | 40 |
| 1970 | 939 | 52 |
| 1971 | 1,522 | 71 |
| 1972 | 1,812 | 77 |
| 1973 | 2,513 | 100 |
| 1974 | 3,006 | 116 |
| 1975 | 4,165 | 163 |
| 1976 | 5,029 | 186 |

Source: 1976 Annual Report, Adminstrator of Veteran Affairs, Table 70, p. 196.

[14]The other terms of the loans are similar to the Federal Insured Student Loan Program administerd by USOE.

[15]Excludes advanced payments and changes in receivables of approximately $200 million. Total VA expenditures in 1976 were $20.2 billion. The other major categories of VA expenditures are pensions and compensation (for disabled veterans and survivors of deceased veterans) $8.2 billion, and medical care $4.0 billion.

The G.I. Bill is not only the largest student assistance program in dollars expended, but in number of beneficiaries as well. In 1976, the program aided in the training of 2.8 million veterans, or approximately the number of individuals served by all six of the Title IV programs combined, In a fundamental sense, however, it can be argued that the G.I. Bill is not "student assistance", but a special form of deferred compensation for those who have served in the armed forces. As a non-need-based program, with payment made directly to the enrolled veteran, historically the G.I. Bill has not imposed great administrative burdens upon institutions of higher education since it has involved neither needs analysis nor funds disbursement. But, since payments legally can only be made to eligible (i.e. enrolled) veterans, the G.I. Bill, like the BEOG program encounters two fundamental administrative problems--ensuring that recipients are actually enrolled and that payments are made only as long as they are enrolled, and secondly that the educational programs for which the funds are expended are legitimate. As will be seen in Section III of this paper, the manner in which those problems have been addressed by both legislation and regulation in the past year has been the cause of considerable acrimony within higher education.

Social Security[16]

Student benefits were added to the social security (OASDI) system in July 1965 at a time when there were no other federal grant programs in existence (although the Educational Opportunity Grant program was established late that year as a result of the Higher Education Act). Normally, social security benefits paid on account of a dependent child end on the child's 18th birthday. The Social Security Amendments of 1965 extended that coverage to include 18- to 21-year-old, unmarried, full-time student dependents of dead, disabled and retired workers.

In the first full year of the program, 1966, 376,000 students qualified for aid totalling $323 million, and the program has grown rapidly ever since. In the fiscal year ended September 30, 1977, it is estimated that an average of 841,000 beneficiaries received aid totalling $1.62 billion, for an average payment per recipient of over $1,900[17]. The Social Security Administration expects the number of students and outlays to rise even further over the next several years, to the point where approximately 910,000 student beneficiaries receive $2.5 billion by fiscal 1982, or $2,700 per recipient[18].

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[16]The source of much of this section is an excellent paper, Social Security Benefits for Students, Congressional Budget Office, May, 1977, the author of which is Alfred B. Fitt.

[17]The beneficiaries and outlays would be even greater were it not for the fact that only about 30% of those who might qualify for benefits actually obtain them. The others either do not attend school full-time or are married.

[18]Social Security Benefits for Students, p. 10.

The benefits an eligible student receives under social security are not based on need, but are a function of the entitlement of the parent no longer in the work force. The amount of the benefit is one-half of that paid a retired or disabled worker, and three-quarters of the amount to which a deceased worker would have been entitled. The benefit calculation, however, is complicated by a further statutory provision that limits total social security benefits for a family to 175% of the worker's entitlement[19]. As a result, whereas no two-person family is affected by the maximum every three-person or larger family is, and the larger the family, the smaller is the student's benefit under social security[20]. The Social Security Administration estimates that 43% of the over 800,000 student beneficiaries in 1977 received less than the formula because of the family maximum rule.

During fiscal year 1976 the average monthly student payment was $143, with payments to survivors (because of the three-quarters rule) much higher at $158 per month than for children of retired ($104 per month) or disabled ($87 per month) workers. Payments for students under age 18 go directly to the parent or guardian; over

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[19]The family maximum actually ranges from 150% to 188% as prescribed by a table in 42 U.S. Code 415 and periodically adjusted for Consumer Price Index changes.

[20]If the student assistance program of social security were ended, approximately $325 million of the $1.62 billion paid to students in 1977 would be paid to their families instead because the family benefits had been held down by the 175% family maximum rule.

18 the benefits are deducted from the family check and paid directly to the dependent if he or she is an unmarried, full-time student.

Who are the beneficiaries of social security student aid? The only comprehensive survey of beneficiaries was conducted in 1973 by the Office of Research and Statistics of the SSA, DHEW. The key findings of the survey were:

- 20% of the beneficiaries were in secondary school, 72% in college (including 3% in graduate school) and the remainder in business or vocational school;

- the 1972 median family income of the social security students attending college was approximately $9,700, or 71% of the median for all families with children in college in 1972. The fact that social security benefits are not subject to income or payroll taxes narrowed, but did not close, the above gap.

- Because OASDI student benefits are related to the parents' earnings history, higher benefits tended to go to students from families with higher incomes, whether the worker was deceased, disabled, or retired. In the 1973 study cited above, 31% of the beneficiaries came from families with incomes (not counting student benefits) above the $10,900 1972 median family income of all families with 18- to 24-year old members and this group received about one-third ($300 million) of the benefits paid in 1972. Applying the same pattern to present expenditures of $1.6 billion, probably one-third, or $500 million or more is paid to students whose family circumstances place them above the cut-off for BEOG assistance.

Thus, the second largest "student assistance" program is something of an anomaly. According to the Social Security Administration, the benefit is a component of family income, not a grant or scholarship program. Yet the Congressional language used to justify the program in 1965 was that young people with deceased,

disabled or retired parents would have greater need if they were dependent and in school than those whose fathers were living and in the work force. Finally, as could be expected in a program based on income-loss insurance principles, "those with the least family resources receive the least help and those with the most resources are given the most help."[21]

As might be expected in programs which are not based on need, there is little coordination between social security benefits and veterans benefits, or between both programs and certain other non-Title IV programs that also aid students in the 18 to 21 year-old category[22]. For example, the 1973 SSA study cited above found that 40% of the social security student beneficiaries were also receiving benefits under Federal Civil Service, Veterans Administration or Workmen's Compensation programs.

In the case of the Title IV programs and institutional student aid, benefits under the G.I. Bill and social security are taken into account in determining student need. Under the Uniform Methodology[23] of needs analysis, veterans benefits are treated as a

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[21] Social Security Benefits for Students, p. 15.

[22] Such as Railroad Retirement, Federal Workmen's Compensation, Federal Civil Service, and Aid to Families with Dependent Children. In all of these programs, eligibility also depends upon the retirement, disability or absense of the working parent. Estimated outlays under these various programs totalled approximately $125 million in 1977.

[23] Developed by the National Task Force on Student Aid Problems (Keppel Task Force) and since adopted by ACT, CSS, BEOG and most state grant programs as the methodology used to determine need.

student resource, not as family income. In the case of student social security benefits treatment is a function of family circumstances. At the lowest family income levels, all student social security benefits are treated as family income. As income rises, an increasing percentage is treated as a student resource[24].

Thus, the two largest programs aiding students, the G.I. Bill and social security, which together accounted for approximately $6.5 billion of the $9.0 billion expended by the federal government for student assistance in 1976, are not based on need. Nor, it should be pointed out, do they take into account in their aid formulas differences in the cost of attending different institutions. As a result of the Veterans' Educational and Employment Assistance Act of 1976, current G.I. Bill benefits will phase down and eventually out over the next decade. In the case of social security, however, the program, as presently legislated, gives every indication of remaining, along with BEOG, one of the two dominant student assistance programs. Considering both the financial difficulties of the social security system, and the non-need based (if not regressive) nature of social security benefits, it would seem highly desirable that social security payments to students definitely be part of any overall attempt to define a federal student aid strategy.

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[24]Whereas a student resource is a 100% offset of student need, as part of family income only a portion is considered available to meet student need.

## III. THE PROBLEMS: STRATEGY AND IMPLEMENTATION

It is beyond the capacity of this paper to address the wide range of questions, from ultimate purpose to critical detail, which need to be answered in federal student assistance[25]. The problems are numerous. They include ultimate strategy and purpose, unclear statutes, inequitable fund allocation systems, questions of student and institutional eligibility, financial aid packaging, complex and conflicting regulations, and inappropriate administrative structures. Nevertheless, it is possible to address a handful of important concerns, including one which is at the root of so many others--the absense of any federal student aid strategy.

### The Need for a Strategy

It has long been recognized that under the Constitution primary responsibility for higher education has been reserved for the states. Although there has existed a federal involvement at least since the first Morrill Act (1862), the primacy of the states in higher education has been a durable and important understanding. Although it has been an important principle, unfortunately it has provided modest guidance in clearly defining the respective federal and state roles in student financial aid.

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[25]An excellent effort which does attempt to deal both with overall purpose and specific detail is the report Recommendations for Improved Management of the Federal Student Aid Programs, (June, 1977), The Student Financial Assistance Study Group, DHEW.

The practicalities of the present system, however, are of some help. Even with the growth of federal outlays, state and local governments nationally still provide twice as many dollars as the federal government in support of higher education. Equally important, it is state government which determines the extent of public higher education services within its jurisdiction and the prices charged for those services. And it is pricing policy, state and private, that ultimately determines student need in higher education. Although a policy of low tuition will minimize need, the obverse can and will increase it. If the federal government chose to accept primary responsibility for meeting student need, it would either have to accept a potential liability which it does not control, and thus become the unquestioning agent for the transfer of significant federal resources to the states, or, to limit its potential student aid liability, seek a degree of control over pricing policy. If the former alternative is unrealistic, the latter is anathema to those who believe that decentralized and dispersed control of higher education is the ultimate guarantee of its independence. Given these unacceptable alternatives, it becomes almost axiomatic that the federal government fill a limited and more carefully defined role in student assistance.

Besides the practicalities cited above, there are other good reasons why we need a clearly defined federal student assistance strategy. Very simply, the Congress needs protecting against itself. As one thoughtful observer has noted, "Some have accused Congress of not being responsive to the needs of higher education. I rather think

part of the problem is that Congress has been too responsive[26]. One result of that responsiveness is that at last count (July, 1975) there were at least 439 separate statutory authorities affecting postsecondary education. These authorities and programs involved 18 of the 22 standing committees of the House of Representatives and 16 of the 18 Senate committees, and at least one out of every three of the 200-odd subcommittees in the Congress[27]. Not all of these authorities involve student assistance, but a great number do. It is little wonder that the existing system of student assistance is so disconcertingly complex. The lack of a strategy or blueprint has left the Congress unable to say no, and ill-equipped to stave off ill-conceived proposals. The time has long since passed when any individual or group of individuals can view this legislative thicket in its entirety or peer through it[28]. Yet from this briarpatch proceeds an endless growth of regulations, amendments, and complaints, followed by further amendment and regulation. There is an enormous need for simplification in federal student assistance. However, that simplification

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[26]Robert C. Andringa, "The View from the Hill," Change (April, 1976), p. 27.

[27]Robert C. Andringa, "The View from the Hill," p. 28.

[28]All too often, Congressional committees and their staffs that deal with one area, such as veterans education, or health education, have no comprehension of programs in other areas (like Title IV). As a result, each committee builds a special program into its legislation, such as a loan program, without any concern for the effect at the point of delivery--the educational institution.

is unlikely to take place until a federal student aid strategy has been established.

There is another reason why the absense of any strategy is an enormous problem. Low public tuition has long been the prime guarantor of general access to higher education--even more so than federal student assistance. As desirable as a low public tuition policy is, it has considerable consequences for the independent sector of higher education. Within the fifty states, it can truly be said that we have fifty different systems of higher education. Some jurisdictions, such as Massachusetts and the District of Columbia, have more enrollments in private institutions than public. Some states have an overwhelmingly public system. Others have an extraordinary mix of institutions, including numerous private liberal arts colleges and world renown private universities. Given this variety, the appropriate mix of tuition policy and state student assistance for one jurisdiction may be inappropriate for another. For example, a state with no private colleges can employ a very low or no-tuition policy in its state institutions with little concern for the competitive consequences, and it might well choose that approach in lieu of higher tuition coupled with a program of student assistance. On the other hand, another state with an extensive independent sector might logically choose any number of options ranging from low public tuition with a tuition offset or grant program for students attending private institutions, to a higher public tuition coupled with a state grant program for needy students attending both public and private colleges.

The important point is that for the health of both public and private educational institutions, good public policy at the state level will vary and will require different pricing and aid strategies from state to state. However, before states can construct sound and desirable strategies of their own, they need to know with some certainty the role the federal government will play in meeting student need. The great complexity and constant change which has marked the federal effort to date has not made that possible.

Most of the specific problems associated with federal student assistance, from unclear legislation to heavy-handed regulations, ultimately emanate from this lack of a federal strategy. Two of the most important problems follow.

The Role of Regulation[29]

It has already been pointed out that the Title IV legislation has been enacted sequentially to meet a variety of purposes since 1958. It also has been noted that one of the results of this legislative history is that structurally autonomous units were created within the United States Office of Education to manage and regulate the specific programs.

During most of the 1960s, the Congress was far more interested in having student aid dollars delivered to recipients and in "getting

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[29]I would like to express my appreciation to Mr. James W. Moore, Bureau of Student Financial Assistance, USOE, and Dr. Peter Muirhead, formerly of USOE, for the historical perspective they provided concerning federal student assistance regulation since 1958.

the money out," than in the careful administration of programs to minimize losses. Although the atmosphere has changed, this fundamental conflict has still not been resolved. The casual approach toward administration and control of the Title IV programs for most of their history is best indicated by the evolution of Title IV regulations. Because good regulation writing is difficult, demanding work, and because it was given a low priority, USOE during the 1960s typically relied on draft or interim regulations, or even administrative guidelines to administer programs. The Educational Opportunity Grant program was enacted in 1965. Even by 1972 when it was superceded by the SEOG program, final regulations still had not been issued. In the case of CW-S, draft regulations were used for over four years through most of the late 1960s. Thus, not only were institutions not receiving clear and timely operating manuals to carry out their programmatic responsibilities, something that was and is sorely needed, but final regulations were not even being produced for publication in the Federal Register.

In response to this circimstance, in 1970 the Congress finally mandated a more responsible approach to regulation writing by enacting the General Education Provisions Act. Section 431 of the Act, for the first time, required the Commissioner of Education within sixty days of enactment of relevant legislation to submit to the Congress a schedule in accordance with which rules and regulations were to be promulgated. The act further provided that all such rules,

regulations and guidelines were to be issued within 180 days after the submission of the schedule.

Procedures were also established for placing regulations into effect. As amended since 1970, they basically call for three steps:

- A Notice of Intent to Publish (NOI) which alerts interested parties that regulations will be written to carry out new, or amended statutes. The NOI provides the public with an opportunity to comment early on issues basic to the implementation of the legislation through written comment or at a series of public meetings. Following the NOI, a 30-day period is allowed for the receipt of comment. This procedure was used for the first time in December, 1976, prior to the writing of draft regulations required by the Education Amendments of 1976.

- The second step is the publication of draft regulations, or Notice of Proposed Rulemaking (NPRM). Following publication of the NPRM in the Federal Register, a minimum of 30 days must pass before final regulations can be published. During this 30 day period, USOE schedules hearings and receives written comment on the proposed regulations.

- The third step is that Final Regulations are published in the Federal Register. They take effect 45 days after publication unless the Congress in the interim finds them inconsistent with the statutes.

At a minimum, the above procedure takes six to seven months from NOI to final effective regulation. Prior to the General Education Provisions Act, on those occasions when regulations were produced, they were usually issued without prior opportunity for public comment. Thus, problems were often unforeseen, or rules had unintended results.

Rulemaking, unfortunately, has labored under some additional burdens. The history of Title IV has been one of almost constant legislative change. There have been over 40 amendments to the NDSL legislation alone. Thus, it has not been uncommon for the regulations to be produced after such long periods of time that they fail to reflect the most recent legislative changes. An example of this is the NDSL interim regulations published in November, 1976. By the time they were issued they were already incomplete in that they did not reflect the Education Amendments of 1976.

Good regulation writing is a difficult and demanding job. It requires wide program knowledge, including an appreciation of the inter-relationships between different programs and regulations, understanding of the statutes, an ability to work well with USOE's legal staff, and finally the capacity to write clearly. Understandably such individuals are in demand. Yet USOE's traditional programmatic approach to management has meant that each new program office has tried to create its own regulation writing skills. Not surprisingly this has too often resulted in tardy, obscure and conflicting rules.

Regulations typically address three kinds of problems: definitional questions (such as which students and institutions are eligible); procedural questions (such as how the Commissioner will distribute the 10% of CW-s funds not allocated by statute); and prohibitions and restrictions of various kinds. The definitions and procedural questions can be complex if the statutory language itself is Delphic (an example

being the variety of descriptions of need in the Title IV programs). The prohibitions, however, tend to be the greatest problem since they tend to multiply over time as the program office attempts to deal with problems, such as fraud and abuse, that were not apparent at the outset. Moreover, each program office deals with its own problems in isolation, and there is seldom any coordination or consultation between programs, such as NDSL and GSLP, in addressing similar concerns. As a result expectations, standards, rules and the definitions on which they are based can differ greatly between what are basically similar programs such as NDSL and GSLP.

It would be hard to overemphasize the importance of this peculiar regulatory history of Title IV. Along with the lack of an overall federal student aid strategy, it has been a fundamental deficiency in the administration of the Title IV programs and a major cause of frustration upon the part of colleges and universities. Although the problems remain formidable[30], there are some hopeful signs. In March, 1977, USOE finally included all Title IV programs in a single Bureau of Student Financial Assistance. In September, 1977, the Bureau was structured so that its responsibilities will be carried out by functional, as against programmatic, units. This hopefully will produce greater uniformity and coordination in rules, regulations,

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[30]For example, the Education Amendments of 1976 require the publication of approximately 40 sets of regulations. Congress had originally stipulated that all be published by June 9, 1977, 240 days after passage of the Amendments. Only 6 of the 40 met the deadline, and by September 1, 1977, only 9 had been published in the Federal Register.

standards and reports in the future than has been the case in the past. And, as already mentioned, after two decades, USOE at last has a reasonable procedure for the creation of regulations which allows for public comment prior to the publication of final rules. These various steps are not solutions, but they do represent a beginning[31].

The Tripartite Application

The system by which the federal government allocates approximately $1 billion annually of student aid funds to 3,000 participating institutions under the three campus-based programs (SEOG, CW-S and NDSL) may be the best example of the problems of both strategy and implementation in federal student aid. There are basically two parts to this allocation system: first, legislatively mandated formulas determine the allocation of available funds among the states; and secondly administrative practices and procedures established by USOE determine the distribution of funds under the three programs among institutions within each state.

The legislative formulas allocate 90% of the available funds under the NDSL, CW-S and SEOG (Initial Year

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[31]Secretary Califano has also announced a five-year effort, called "Operation Common Sense" to review and rewrite some 6,000 pages of HEW regulations in the fields of health, education and welfare. Commissioner of Education Boyer has also announced that he proposes to reduce by over 50% the number of reports (presently over 14,000) being submitted annually to USOE by institutions of postsecondary education. What results from these good intentions remains to be seen.

Awards)[32] programs among the states. The formulas, in each case are different, although all use selected state demographic characteristics. For example the SEOG IY formula is based on full-time enrollments and the full-time equivalent of part-time enrollments in institutions of higher education in each state. Thus, although only undergraduates by law can receive SEOG awards, the SEOG allocation formula is based on total enrollments (graduate as well as undergraduate) and part-time (not just half-time) students. Under CW-S, the 90% is allocated in the following manner: one-third is based on full-time students enrolled in higher education in each state; one-third is based on the number of high school graduates in each state; and one-third is based on the number of children under 18 years of age from poverty families in each state. The effect of this formula is that states which educate more than their share of students, such as the New England states, lose out under the CW-S formula, while many southern states and New Jersey, where the opposite is true,

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[32]When Congress changed the EOG program into the SEOG program in 1972, it created the distinction between Initial Year (all those recipients who have not received a prior SEOG award) and Continuing Year awards (all those who have received a prior SEOG award). Although the statute determines the allocation of IY funds among the states, the Commissioner of Education has statutory authority to allocate CY funds in a "manner which will best achieve the purpose of the program." The procedure used by the Commissioner is to provide every institution nationwide with the same percentage of its panel recommended amount as every other. Although the statute created the distinction between IY and CY awards, the appropriations committees have appropriated a single amount each year for SEOG, and it has been left to USOE, in an undetermined manner, to allocate the appropriation between IY and CY awards. For 1977-78, of the $250 million available, $134.7 million was allocated to IY awards, $115.3 million to CY awards.

do quite well. In the case of NDSL, the formula is similar to SEOG, but is based only on full-time students. The remaining 10% under the three formulas must by law first be used to raise each state up to its allotment of funds for fiscal year 1972, "grandfathering" each state into its old 1972 EOG funding level. As is apparent, the state allocation formulas are complicated mechanisms which disperse funds under the three programs in peculiar patterns (see Appendix B), and without reference to student need--even though the programs are supposed to address student need.

The second part of the allocation process is designed to determine institutional need for funds under the three programs. This involves three steps: (1) the tripartite application itself, (2) recommendations of regional panels based on a review of the applications, and (3) an appeal process whereby institutions may appeal the decisions of the review panel, first at the regional, and if necessary, at the national level. As a result of this process, each participating institution ultimately receives an approved funding level for each program. The amounts actually received, however, are determined by the availability of funds distributed to each state based on the legislatively determined allocation formulas described above.

The first step in the process, the tripartite application (long form)[33], is intended to elicit a full financial aid review by

[33]For the past several years, an institution whose total request does not exceed 110% of the total amount of funds recommended for the current award year has had the option of filling out only part of the application. This has been known as the "short form".

the participating institution. It does this through the mechanism of an "institutional needs analysis" which was first used in 1970. Although it involves numerous schedules, in essence the needs analysis section attempts to determine the residual need of the institution's students after parental contributions and all other forms of available aid (federal, state and institutional) are deducted from gross costs of attendance. This residual or remaining need of students at the institution becomes the amount for which application for funds under the three campus based programs can be made. The institution in turn breaks down its total need into three specific requests based on the eligibility of its students for the three programs[34]. The institution must go through this needs analysis process not only for the projected award year (beginning the following July 1), but for the current and most recent year as well.

In theory the institutional needs analysis approach appears admirable in intent and comprehensive in execution. What then are the problems?

1. Conceptually, USOE treats the three programs as a residual resource, with eligibility only determined after the application of all other resources including state and institutional funds. One effect of this is that the more an educational institution attempts to do on its own to provide aid, even to the extent of applying

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[34]Since only undergraduates are eligible for SEOG funds, whereas undergraduate, graduate and professional students are eligible for NDSL and CW-S.

general funds of the institution, or operating at a deficit, the less is the amount of the eligibility of the institution and its students for the three campus-based programs. Thus, institutions that do little or nothing in financial aid benefit, those that make considerable efforts on their own are penalized.

2. The present system also affects state funding to a minor degree. As already indicated, CW-S, NDSL, and initial year SEOG funds are allocated to the states by formula. Continuing year SEOG funds, however, are apportioned among the states so that every participating institution nationally receives the same percentage of its panel approved request as every other. Thus, the more a state funds its own grant program, the less is the eligibility of institutions in that state (and in turn their students) for continuing year SEOG funds.

3. The application in large measure fails to recognize the important differences in the three programs--to the student and to the institution. SEOG funds are grant funds, the most attractive from the point of view of the student recipient, whereas CW-S and NDSL require something in return: work in the case of CW-S and ultimate repayment in the case of NDSL. Also, from the point of view of the institution, SEOG and CW-S can have a direct impact upon the income statement of the institution, especially if the institution meets any shortfall in outside financial aid resources with its own general funds. In the case of loan capital made available under NDSL, however, the failure to receive NDSL funds requested usually forces greater student

reliance for loans upon financial institutions which serve as lenders under the Guaranteed Student Loan Program. It usually does not affect the operating statement of the institution itself.

In spite of these important differences there is no framework, particularly at the undergraduate level, for deciding how much of the remaining need which the tripartite is supposed to address should be met by grant funds (SEOG) as against work or loans. The institution that has received ample SEOG funds in the past may have to place only modest reliance on jobs and loans. The institution that has been less fortunate and has had to place much greater reliance on GSLP loans, and on off-campus jobs, etc., finds that under the tripartite, it has thereby reduced its "need" for the campus-based programs. Once that has been done it is almost impossible to reverse the process since the experience of one year invariably becomes the basis for the following year's approved allocations.

4. The process of completing the tripartite application, especially the needs analysis section, involves the use of both exact figures which can easily be checked, and very inexact estimates (off-campus earnings, loans from sources other than the institution) which cannot be checked. It also lumps graduate and professional need with undergraduate need, even though the former groups are not eligible for SEOG funds. The number of variables and the amount of estimates required quickly shatters any illusion of completeness and accuracy which may have existed. Since institutions typically receive in

funds only a fraction of their need as documented on the tripartite, it is not surprising that most financial aid officers attempt to maximize the documented need of their students.

To sum up, the application is a long, complicated document which has problems both in concept and execution. Although its purpose is to be fair in determining relative institutional need for the three programs, it fails to achieve this objective; in part because of the amount of information it seeks, much of which cannot be confirmed; in part because of the mixing of undergraduate and graduate need data; in part because of the lack of a framework for dealing with need for SEOG versus CW-S and NDSL. Although it is a worthy sentiment to leave financial aid packaging to each individual institution, that does not obviate the need to determine on a more consistent basis how much of undergraduate need for the three programs should be met by grants, or work, or loans. To ignore this problem very much affects packaging at the institutional level, since the availability of SEOG funds, or lack thereof, determines how much work and loans will be required of the student.

Given the difficulties for institutions in completing the application and regional panels in checking it, USOE for the past few years has provided participating institutions with an option--namely the short form. An institution is allowed to submit a short form[35]

[35]The short form in effect eliminates the requirement that the institution fill out the needs analysis portion of the document.

provided its request for funds does not exceed 110% of its panel approved request for the current year. Although on the surface, this appears to be reasonable, in fact it has worked counter to the purpose of the three programs--namely to address remaining need after all other resources. The short form eliminates the requirement that an institution fill out the needs analysis portion of the document. Thus, institutions need not indicate the growth of their other financial aid resources. Yet during the period from 1973-74 to 1977-78, the period during which the short form was introduced and came into vogue, the Basic Grant program has grown into a $1.7 billion program (estimated 1977-78 academic year awards) and is still growing, and state grant programs have expanded to approximately the $650 million per year level nationwide. In far too many cases, the short form has simply allowed institutions to continue to apply for increasing amounts of SEOG, CW-S and NDSL funds without reflecting vast increases in other aid particularly from the BEOG program.

The second step in the application process is a review of the tripartite application by USOE-established panels, composed of financial aid officers and USOE officials, in each of the ten federal regions. In theory, the panels are to provide a careful peer review of the application, recommending "appropriate funding levels for each institution, considering the financial need of the students at the institution, the institution's administrative capability, and its

previous utilization of program funds[36]. In fact, the regional panels, which meet for two or three days, are presented with an impossible task. It is a direct reflection upon the complicated nature of the application itself, that the instructions for the fall, 1976 panels were fifty pages in length. Most panels find that their best strategy is simply to look for consistency from one year to the next in the key numbers which form the basis of the application. As reasonable as this appears, the effect is that institutions which have done well in the past usually continue to do well; others that have not done well face a very difficult task of achieving a greater degree of equity.

Comparison of three-year trends presents other problems as well. The three programs are never sufficiently funded to meet the recommended award levels of the regional panels[37]. Thus, the manner in which student need is actually met always differs from the manner in which it is projected on the tripartite. As a general rule, the shortfall tends to be made up by greater reliance upon outside student employment, bank loans under the GSLP, and, especially at private institutions, by reallocation of general funds of the institution from other needs (salaries, maintenance, etc.) to institutional gift aid[38].

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[36]From "Instructions for Panel Review of DSFA Tripartite Applications for the Award Period 1977-78", Division of Student Financial Aid, USOE, p. 1.

[37]See Appendix B.

[38]Most private institutions have established financial aid packaging prodedures whereby needy students are required to assume a considerable degree of self-help (loans and job) before grant funds are awarded. A short fall in funding, especially in the SEOG program means the institution must make it up with institutional grant funds, (rather than more loans or additional work) since financial aid students already are assuming a full measure of self-help.

Once this happens and is reflected under the prior year actual data, or current year estimated data, the tendency has been for regional panels to assume that similar, if not increased institutional gift aid (or outside loans, or outside employment) should be available for the projected year. No consideration is given to the fact that the institutional gift aid figure may have been made possible only because of the institution's willingness to operate at a deficit, or because of its willingness to reallocate resources from other equally pressing needs[39].

A final point should be made about the panel review process. Since separate panels are convened in each of the ten federal regions, it is almost inescapable that each panel operates somewhat differently. Some set standards which are severe; some are more generous. Schools which are known by panelists often do better than those which are not. And since there are few figures in the application that can be

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[39]As a point of reference, the thirty member colleges and universities of the Consortium on Financing Higher Education, all of which are private, in the decade 1966-1975 expended approximately $500 million of their own resources on undergraduate grant aid. Of the $500 million, slightly more than half came from general, current unrestricted funds, the rest from endowment and restricted gifts. During this same ten-year period, all but five of the institutions incurred at least one deficit; the total deficits incurred by all added up to approximately $225 million over the decade. During this same ten-year period, the thirty institutions received slightly over $28 million in EOG and SEOG funds. If this group of institutions, generally recognized as among the better endowed in higher education, were required to fund undergraduate grant aid with general funds to the above extent, it can only be assumed that less endowed private institutions were forced to do so to an even greater degree. The tripartite application makes no attempt to address this circumstance.

audited or cross-checked, the panels must either act in a fairly arbitrary way, on the one hand, or be at the mercy of those who provide the information on the other. As a general rule, institutions with experienced, aggressive financial aid officers, who prepare the document with great care and are willing to appeal panel decisions if necessary, do better than their less experienced, less assertive colleagues.

The state allocation formulas, when matched with panel recommendations under the tripartite application, produce widely differing institutional funding patterns state by state. In the 1977-78 year, in the case of SEOG IY funding levels, the percentage of panel-recommended awards actually received ranged from a low of 26% in 20 states to a high of 84% in one (Arkansas). For CW-S the range was from a low of 45% in 18 states to 95% in one (Louisiana). For NDSL the range was from 37% in 11 states to 100% in seven.

The state allocation formulas and the tripartite application system embody most of what is wrong in concept and execution in federal student aid. The end result is an excessively complex, inequitable system where identical students with identical remaining need, depending upon the state and institution attended, can receive considerable help, some help, or no help at all under the three programs[40].

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[40]Even among the 30 member institutions of the Consortium on Financing Higher Education, the differences are enormous. Although all the member institutions of COFHE have similar student bodies in terms of need and charge similar prices, available funds per student under the three programs vary greatly. In 1977-78, available SEOG funds per undergraduate ranged from a low of $14 per undergraduate at one institution to a high of $207 per undergraduate at another with an average of about $80. For CW-S (using both undergraduates, graduate and professional students as a base) the range was from a low of $7 to a high of $215 with an average of $73.

Fortunately, there is widespread appreciation of the problem, although no clear consensus as to how to address it--the reason being that there is no clear understanding of the purpose of the three programs. (For example, private institutions argue that as the BEOG program meets more of the needs of students attending public institutions, the much smaller SEOG program should be focused on the problem of low- and middle-income students attending higher priced institutions, both private and out-of-state public. The public sector has not yet accepted this view.) Nevertheless, in the summer of 1977 the Commissioner of Education established a work group, comprised of experienced public and private financial aid officers, to recommend fundamental changes in the present allocation systems for the campus-based programs. The resulting report, including recommended legislative changes, is expected in the spring of 1978. In the interim, USOE has established a temporary application procedure for the 1978-79 year which eliminates the complexities of the present long-form application, but holds institutions in existing funding patterns, with all their inequities, for one more year.

These then are some of the major problems afflicting federal student assistance--questions of architecture and of implementation. They do not purport to be the only problems[41]. How to deal with the

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[41]For example, some of the most contentious problems of the past year have involved the G.I. Bill. As a means of coping with overpayments and general abuse of the program, the Veterans' Education and Employment Assistance Act of 1976 established several new rules including the 85-15 and two-year rules. The former rule states that a veteran cannot receive benefits for courses in which more than 85% of the students are federal grant or G.I. Bill beneficiaries; the latter rule denies educational benefits for veterans enrolled in courses that are less than two years old. These two rules plus V.A. attempts to hold educational institutions accountable for overpayments when they have failed to inform the V.A. promptly that a student is no longer enrolled, have resulted over the past year in considerable litigation and a flurry of proposed Congressional amendments to the 1976 Act.

special problems presented by independent students, nontraditional students, part-time students, for-profit proprietary institutions, standards of progress, the government's need for prompt enrollment information to prevent overawarding, financial aid packaging--the list of concerns could fill the page. Nevertheless, most of these problems directly or indirectly can be traced back to the absense of a clear strategy in federal student assistance.

## III. THE PERIOD AHEAD

At the outset of this paper, it was stated that the period ahead may be the most propitious in the history of federal student assistance to undertake some constructive and needed reforms. There are a number of reasons for that statement.

1. Even excluding the G.I. Bill and social security educational benefits, the total amount of student assistance made available by the Title IV programs should exceed $4 billion in the 1978-79 academic year[42]. To this can be added perhaps $700 million of state grant funds and $500 million of institutional grant funds[43]. Thus, unlike any period in the past, and certainly the period prior to the establishment of the BEOG program, the total amount of resources available to address student need is more commensurate with the task and well balanced between grant, loan and work resources. With the expectation of declining enrollment in the 1980s, higher education should be able to place a higher priority on the efficient deployment and use of student aid resources rather than the single-minded concern for the amount of federal support as has been true in the past.

2. For the first time in eight years, both the executive and legislative branches of the federal government are controlled by the

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[42]Comprised of $2.1 billion of BEOG awards, $1.7 billion of loans under GSLP and NDSL and over $400 million in CW-S.

[43]Admittedly over half of the state grant funds are accounted for by a handful of states such as New York, Pennsylvania, Illinois, California and New Jersey. Institutional grant funds are also somewhat concentrated,

same political party. Although that fact is in no way an assurance that cooperation will take place in fashioning a student aid strategy, it is probably a precondition for any progress at all. Simplification of federal student aid will require legislation, and Congressional cooperation, if not leadership, is an absolute necessity. One would hope that such cooperation is more likely to be forthcoming in the period ahead than at any time since the productive period of the mid-1960s when the Higher Education Act was enacted.

3. A considerable amount of constructive work and study has been accomplished concerning student aid over the past three yars. In 1975 the National Task Force on Student Aid Problems (the Keppel Task Force) called for the adoption of a uniform method of needs analysis, a common application form and a coordinated student aid delivery system. Since 1975 the work of the task force has been carried on by the Coalition for the Coordination of Student Financial Assistance, a joint activity of the American Council on Education and the Education Commission of the States, which has included both governmental and private organizations concerned with student aid. Although much work remains to be done, for the first time in 1977-78 a uniform method for measuring a family's financial strength is in place, and a single application form can be used to apply for federal (including BEOG), institutional and state assistance programs[44]. Although there are still problems connected with

[44]The College Scholarship Service, American College Testing Program, BEOG, and many state grant programs still have separate forms. However, for the first time the forms all have numerous common data elements, and increasingly, application on one form (such as CSS's Financial Aid Form) is all that is needed to apply for federal, state, and institutional funds.

a coordinated financial aid calendar and delivery system, the above two achievements are important preconditions to establishing a simplified financial aid system in the United States.

In addition to the accomplishments of the Coalition, useful work illuminating various aspects of the student aid labyrinth has been carried out by a number of organizations over the past two or three years. The Education Commission of the States has produced some useful studies[45], as has the federal government itself through its National Work Conference on Institutional-State-Federal Partnership in Student Assistance (1974), its DHEW/USOE Task Force on Management of Student Assistance Programs (1974), and more recently, the Commission on Federal Paperwork (1977) and the work of The Student Financial Assistance Study Group (DHEW-1977). Other groups from ACE to the Carnegie Council to the College Entrance Examination Board to the Consortium on Financing Higher Education have studied various aspects of the student aid system. While much remains to be done[46], a considerable amount of necessary research has been accomplished.

4. A final hopeful sign is the growing sensitivity and responsiveness of the United States Office of Education to the problems cited in this paper. Some important structural changes have been made in USOE, most notably reorganizing the Bureau of Student Assistance along functional

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[45]Such as its Task Force Report on State Policy and Independent Higher Education, ECS, June, 1977, report no. 100.

[46]One of the most important pieces of research which must still be accomplished is the relationship between federal and state student aid given the great variety of state programs. The Washington Office of the CEEB is presently addressing this problem with support from the Ford Foundation.

lines. In addition, a USOE appointed work group of institutional financial aid officers is presently studying alternatives to the present delivery system for the campus-based programs. Although it is too early to determine if these initiatives will be fruitful, they at least represent a beginning.

Some Next Steps

Authority for postsecondary education is widely dispersed in the Congress and consequently it is unrealistic to expect that body to take the lead in designing an overall federal/state strategy in student aid. Also, there is little indication that Congressmen and Senators even have the time to devote to the task[47]. The Congress may be most in need of an overall student aid strategy, but it is probably least equipped to produce one. The initiative must come from elsewhere.

What is needed is a "General Statement of Agreement concerning Federal and State Support of Postsecondary Education", a carefully prepared policy statement which can provide jurisdictional guidelines for all the parties involved in student assistance. The logical place to seek such an initiative is the executive branch in cooperation with the states. It is the former which must administer the present patchwork quilt of aid programs and it is the latter which have ultimate responsibility for higher education in the United States. The governmental units most qualified to fashion such an agreement would be the Department of HEW, in conjunction with the Education Commission of the States, but with

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[47] It has been observed that the average attendance at hearings of the House Subcommittee on Postsecondary Education is between two and three out of a membership of nineteen; at the Senate Subcommittee on Education, attendance averages one member out of a total membership of twelve. Andringa, p. 28.

the counsel and participation of many of the same groups that have worked together in the Coalition for the Coordination of Student Financial Assistance, such as the American Council on Education, the National Association of Student Financial Aid Administrators, and others. The hopeful outcome of such a collaboration would not carry the force of law. However, as a generally agreed upon statement of purposes and responsibilities, it should establish the necessary framework against which both current statutes and new initiatives can be judged.

It is obviously beyond the capacity or purpose of this paper to delineate such a "General Statement". Nevertheless, it is possible to suggest a few of its elements. For example, the federal role and responsibility, broadly stated, might be described as:

- to assure access to postsecondary education at the undergraduate level[48];
- to provide a national system of student credit for undergraduate, graduate and professional students;
- to provide a national system of work-study for undergraduate, graduate and professional students;

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[48]Which a fully funded BEOG program in large measure does. The combination of the family contribution and BEOG is designed to assure each student a minimum of $1800 to pursue postsecondary education. If reasonable student earnings and/or student credit are added to that figure, the total is sufficient to meet the total costs of attendance at most state-supported institutions in the United States (approximately $2300-$2400 for tuition, room and board in 1977-78).

- to aid the states in their efforts to provide to students a degree of choice among institutions and thereby foster the dual system of public and private institutions in the United States;

- to carry out the above responsibilities in as straightforward, simple, and cost-effective a manner as possible.

Under the rubric of each of the charges, it would be necessary to establish specific and program-oriented objectives. These logically would include:

- phasing out student benefits under Social Security, and designating BEOG as the federal program designed to provide access to postsecondary education, ideally on an entitlement basis.

- integrating and simplifying the GSLP and NDSL programs into a single system of student credit, by conforming the interest rate, terms and conditions of the two programs, with the result that the only significant difference between the programs would be the manner in which the federal government encourages capital availability[49].

- combining the existing SEOG, SSIG and state grant programs into an integrated, state controlled, but federally aided program designed to provide a degree of institutional choice to students by meeting residual need after BEOG and family support[50].

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[49] For a description of how this could be accomplished, see R.J. Ramsden "GSLP and NDSL - In Search of Synthesis", Student Loans: Problems and Policy Alternatives, CEEB, 1977, 94-111.

[50] This is probably the most difficult part of any federal/state strategy since there are a great variety of state student aid policies already in existence, mirroring the diversity of state higher education systems. Should a combined program include proprietary students, and should the awards be portable? How should residual need be defined and to what extent should it first be met by self-help (jobs and loans) before grant aid is provided? The hard technical questions are endless. Many in higher education are looking to the Ford Foundation supported, CEEB directed study on Federal/State Interaction in Student Assistance for some answers. Their reports are due in 1978.

In broad outline these are some of the programmatic initiatives that need to be taken. But before they can be taken, higher education very much needs a federal/state compact, the "General Statement of Agreement" postulated above.

There are some other needed steps. Beginning with the Education Amendment of 1972, the Congress widened institutional eligibility for the Title IV programs to include not simply two and four year institutions of higher education, but the wider institutional world of "postsecondary education". Although a more catholic definition of eligibility is probably appropriate for basic programs such as the BEOG and GSLP programs, it is not at all clear that such is the appropriate direction for all student aid programs. Regulating for profit proprietary institutions, which number in the many thousands, has placed a major additional burden on USOE since 1972. The special problems this group of institutions has presented for the Federal Insured Student Loan program has resulted in their exclusion as lenders under that program. What is needed is a clearer understanding of which student aid programs such institutions are to be eligible for, and which they are not, and a recognition that regulations appropriate and necessary for proprietary schools may be entirely inappropriate and unnecessary for public and private colleges and universities. More discriminating and selective regulatory approaches are very much needed.

Finally, if higher education is to carry out federal statutes, and properly serve the students for whom the statutes were designed, institutions need not only timely and clear regulations, but the tools to carry them out. Federal student aid has been devoid of basic operating manuals for far too long. They represent a prosaic need, but an indispensable one in a field where it is estimated that the average tenure of student aid officers is no more than three years. In addition to program operating manuals, which make sense of arcane regulations, the Congress should appropriate funds for what has already been authorized - administrative allowances to institutions to fulfill their responsibilities under the various student aid programs[51]. Federal student aid programs such as BEOG and GSLP have grown rapidly over the years, yet the federal government has tended to underinvest in the training, technical assistance, and general administrative support such large programs require. As a general rule underadministration at the federal and institutional level in the early years of programs has invariably led to over-regulation in the later years.

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[51] Institutions presently receive administrative allowances under the three campus-based programs equal to 4% of the federal allocation under the three programs. Administrative allowances under BEOG, ($10 per award) and GSLP ($15 per loan) have also been authorized. However, the BEOG and GSLP allowances have not been funded, even though additional requirements are constantly being placed on institutions, such as biennial audits, at institutional expense, of the federal financial aid programs (required since the Education Amendments of 1976).

At the outset it was pointed out that the tensions between higher education and the federal government in providing student assistance have a different lineage than those strains which have arisen out of the spending and commerce powers of the federal government[52]. In the latter areas, the cumulative effects of the avalanche of federal initiatives upon institutions of higher education are just now being understood, and the even larger concern for the role of all private institutions, educational and otherwise, in a society where governmental needs invariably take precedence, is in need of articulation[53]. In the case of student assistance, there is considerable understanding of the problems which divide the federal government and higher education. Whether there exists the will to address those problems remains to be seen.

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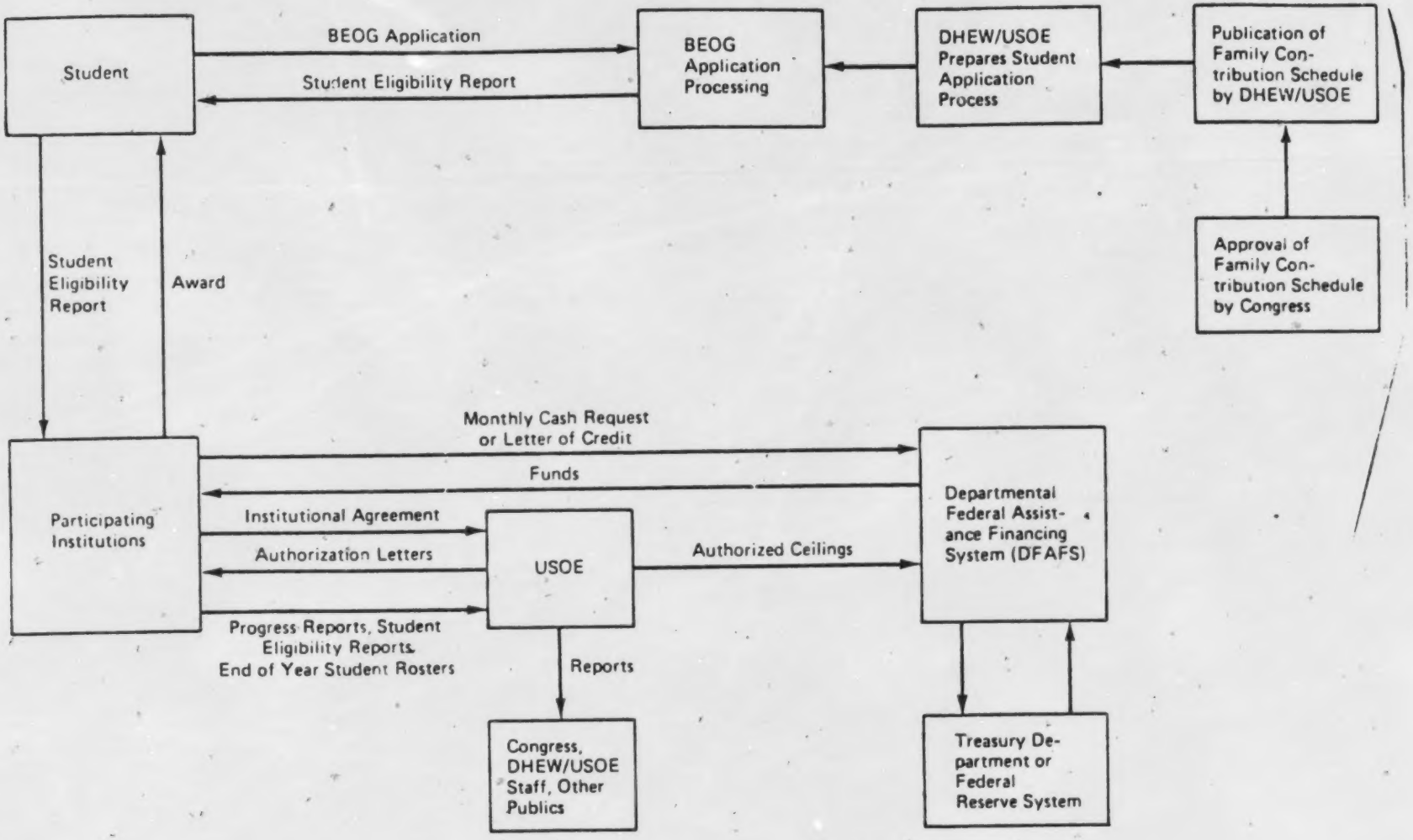
[52] See footnote 1.

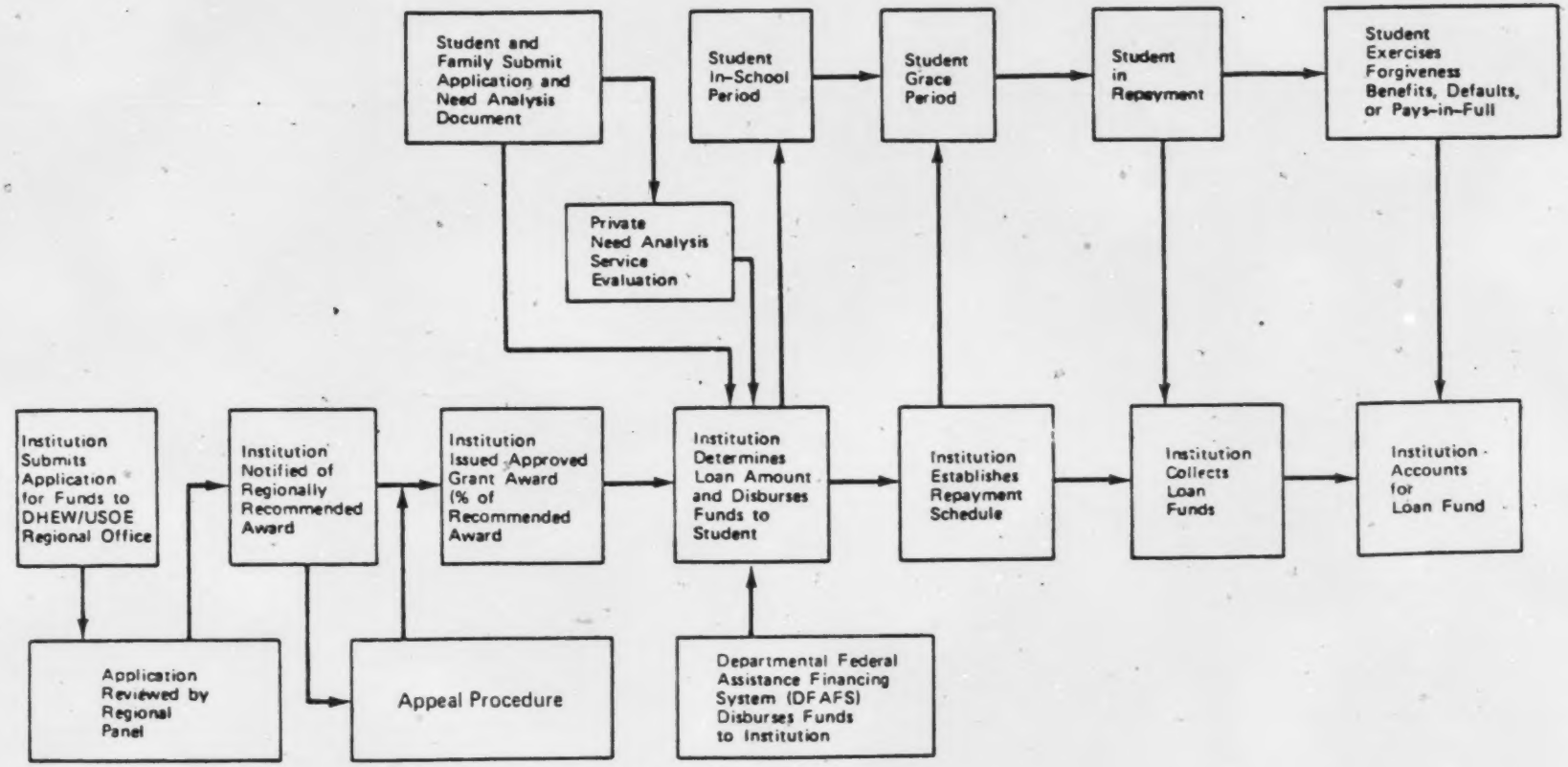
[53] For example, it is difficult to be sanguine about the future of private educational institutions in an inflationary society. If mandatory payments required by government at all levels in the form of taxes, and necessary payments to meet various basic needs of life (shelter, food, transportation, etc.) take an ever increasing share of the society's resources, it follows that there will be less after-tax discretionary income with which families can purchase education, especially higher priced private education.

## FLOW CHART OF THE BASIC EDUCATIONAL OPPORTUNITY GRANT (BEOG) PROGRAM*




SOURCE: Report of the Student Financial Assistance Study Group, June, 1977, DHEW, p. 226.

## FLOW CHART OF THE NATIONAL DIRECT STUDENT LOAN (NDSL) PROGRAM

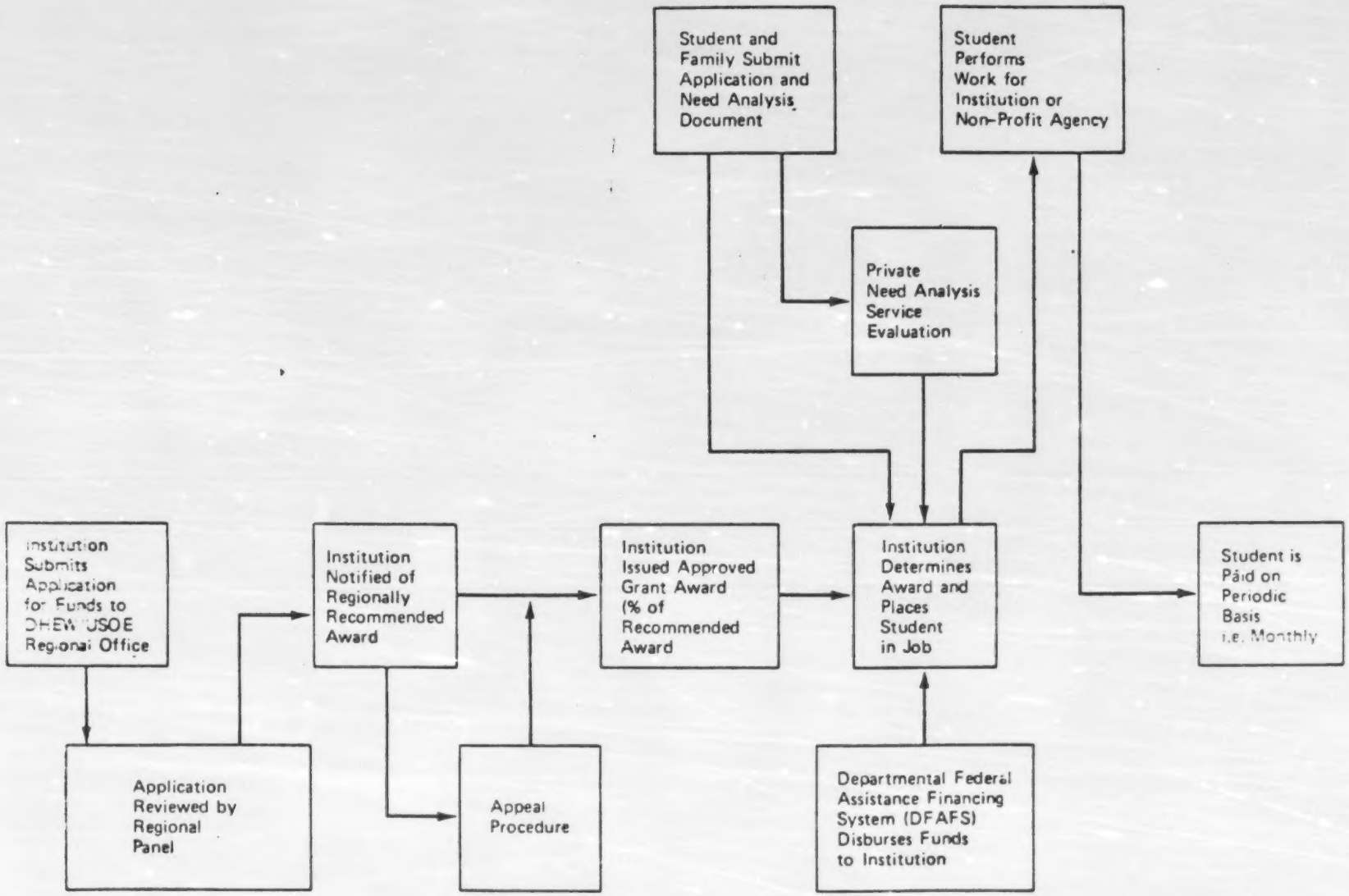

Student and Family Submit Application and Need Analysis Document
Student In-School Period
Student Grace Period
Student in Repayment
Student Exercises Forgiveness Benefits, Defaults, or Pays-in-Full
Private Need Analysis Service Evaluation
Institution Submits Application for Funds to DHEW/USOE Regional Office
Institution Notified of Regionally Recommended Award
Institution Issued Approved Grant Award (% of Recommended Award
Institution Determines Loan Amount and Disburses Funds to Student
Institution Establishes Repayment Schedule
Institution Collects Loan Funds
Institution Accounts for Loan Fund
Application Reviewed by Regional Panel
Appeal Procedure
Departmental Federal Assistance Financing System (DFAFS) Disburses Funds to Institution





SOURCE: Report of the Student Financial Assistance Study Group, June, 1977, DHEW, p. 228.

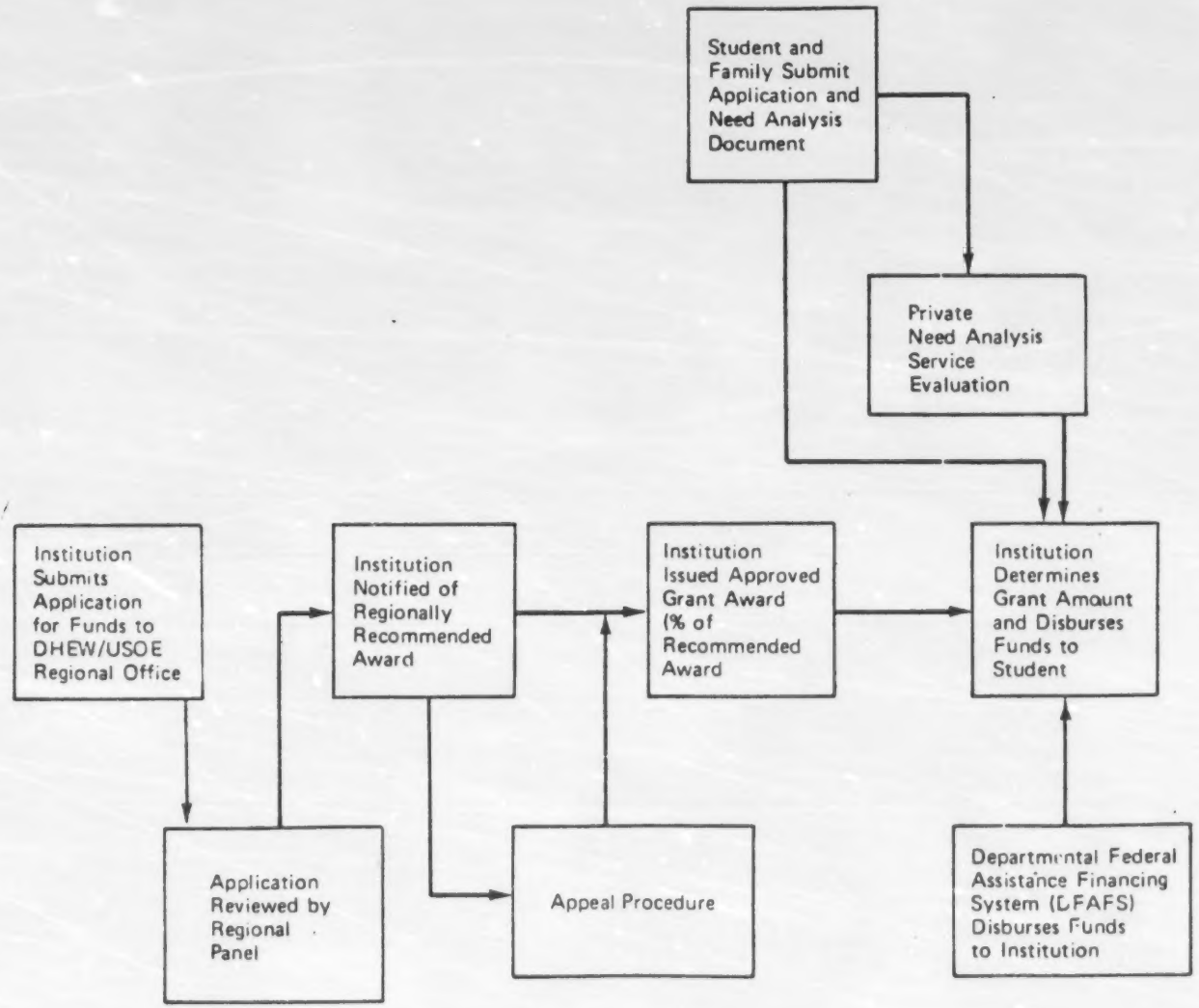
## FLOW CHART OF THE COLLEGE WORK-STUDY (CW-S) PROGRAM


Student and Family Submit Application and Need Analysis Document
Student Performs Work for Institution or Non-Profit Agency
Private Need Analysis Service Evaluation
Institution Submits Application for Funds to DHEW (USOE Regional Office
Institution Notified of Regionally Recommended Award
Institution Issued Approved Grant Award (% of Recommended Award
Institution Determines Award and Places Student in Job
Student is Paid on Periodic Basis i.e. Monthly
Application Reviewed by Regional Panel
Appeal Procedure
Departmental Federal Assistance Financing System (DFAFS) Disburses Funds to Institution



SOURCE: Report of the Student Financial Assistance Study Group, June, 1977, DHEW, p. 230.

## FLOW CHART OF THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (SEOG) PROGRAM


Student and Family Submit Application and Need Analysis Document
Private Need Analysis Service Evaluation
Institution Submits Application for Funds to DHEW/USOE Regional Office
Institution Notified of Regionally Recommended Award
Institution Issued Approved Grant Award (% of Recommended Award
Institution Determines Grant Amount and Disburses Funds to Student
Application Reviewed by Regional Panel
Appeal Procedure
Departmental Federal Assistance Financing System (DFAFS) Disburses Funds to Institution

SOURCE: Report of The Student Financial Assistance Study Group, June, 1977, DHEW, p. 232.

# THE NATIONAL DIRECT STUDENT LOAN PROGRAM
## 1977-78 AWARD PERIOD

| | | RECOMMENDED FUNDING LEVEL | | FINAL STATE ALLOTMENT | | FINAL STATE PERCENTAGES |
|---|---|---|---|---|---|---|
| 10 | Alabama | 9,819,903 | | 4,892,444 | | 49.821714 |
| 11 | Alaska | 90,863 | | 90,863 | | 100.000000 |
| 12 | Arizona | 7,366,550 | | 3,594,943 | | 48.800904 |
| 13 | Arkansas | 2,199,249 | | 2,199,249 | | 100.000000 |
| 14 | California | 60,697,848 | | 33,523,714 | | 55.230482 |
| 15 | Colorado | 16,849,668 | | 6,313,739 | | 37.470999 |
| 16 | Connecticut | 8,054,748 | | 3,921,896 | | 48.690487 |
| 17 | Delaware | 1,205,613 | | 766,889 | | 63.609881 |
| 18 | District of Columbia | 5,167,148 | | 2,260,314 | | 43.743938 |
| 19 | Florida | 13,347,736 | | 8,372,576 | | 62.726563 |
| 20 | Georgia | 4,127,635 | | 4,127,635 | | 100.000000 |
| 21 | Hawaii | 1,315,282 | | 1,194,633 | | 90.827138 |
| 22 | Idaho | 1,433,434 | | 1,226,898 | | 85.591524 |
| 23 | Illinois | 23,834,000 | | 14,556,328 | | 61.073794 |
| 24 | Indiana | 14,538,420 | | 7,712,413 | | 53.048495 |
| 25 | Iowa | 7,293,851 | | 5,142,459 | | 70.504031 |
| 26 | Kansas | 5,176,313 | | 4,156,664 | | 80.301636 |
| 27 | Kentucky | 4,467,768 | | 4,126,754 | | 92.367240 |
| 28 | Louisiana | 5,604,947 | | 4,884,307 | | 87.142787 |
| 29 | Maine | 7,602,751 | | 2,848,831 | | 37.471055 |
| 30 | Maryland | 10,060,045 | | 4,626,163 | | 45.985510 |
| 31 | Massachusetts | 38,570,820 | | 14,452,864 | | 37.470979 |
| 32 | Michigan | 18,895,532 | | 12,910,982 | | 68.328227 |
| 33 | Minnesota | 13,964,370 | | 6,575,202 | | 47.085561 |
| 34 | Mississippi | 4,034,738 | | 3,313,707 | | 82.129422 |
| 35 | Missouri | 9,630,094 | | 6,775,128 | | 70.353706 |
| 36 | Montana | 1,066,246 | | 1,066,246 | | 100.000000 |
| 37 | Nebraska | 3,062,504 | | 2,728,931 | | 89.107835 |
| 38 | Nevada | 885,995 | | 725,308 | | 81.863667 |
| 39 | New Hampshire | 5,094,496 | | 1,908,960 | | 37.471028 |
| 40 | New Jersey | 8,530,543 | | 6,650,788 | | 77.964416 |
| 41 | New Mexico | 6,171,084 | | 2,312,366 | | 37.470986 |
| 42 | New York | 41,128,675 | | 27,711,071 | | 67.376523 |
| 43 | North Carolina | 7,762,102 | | 7,255,328 | | 93.471176 |
| 44 | North Dakota | 4,111,569 | | 1,540,646 | | 37.471000 |
| 45 | Ohio | 23,504,328 | | 13,901,796 | | 59.145686 |
| 46 | Oklahoma | 5,997,098 | | 4,623,579 | | 77.096939 |
| 47 | Oregon | 17,206,356 | | 6,447,398 | | 37.471025 |
| 48 | Pennsylvania | 30,476,740 | | 14,792,425 | | 48.536769 |
| 49 | Rhode Island | 5,485,556 | | 2,055,495 | | 37.471042 |
| 50 | South Carolina | 2,013,792 | | 2,013,792 | | 100.000000 |
| 51 | South Dakota | 5,039,996 | | 1,888,533 | | 37.470923 |
| 52 | Tennessee | 9,161,496 | | 5,447,285 | | 59.458466 |
| 53 | Texas | 11,694,853 | | 11,694,853 | | 100.000000 |
| 54 | Utah | 2,811,244 | | 2,811,244 | | 100.000000 |
| 55 | Vermont | 3,176,062 | | 1,190,100 | | 37.471120 |
| 56 | Virginia | 6,032,120 | | 5,472,121 | | 90.716382 |
| 57 | Washington | 15,207,490 | | 6,102,250 | | 40.126648 |
| 58 | West Virginia | 3,391,872 | | 2,715,789 | | 80.067556 |
| 59 | Wisconsin | 23,353,215 | | 8,750,679 | | 37.470982 |
| 60 | Wyoming | 987,330 | | 591,060 | | 59.864483 |
| 61 | U. S. Service Schools | | | | | |
| 62 | Canal Zone | - 0 - | | - 0 - | | - - |
| 63 | Guam | - 0 - | | - 0 - | | - - |
| 64 | Puerto Rico | 4,543,832 | | 3,368,170 | | 74.126200 |
| 66 | Virgin Islands | 24,384 | | 20,974 | | 86.015420 |
| | TOTALS | $543,270,304 | | $310,354,794 | | 57.127142 |

THE COLLEGE WORK-STUDY PROGRAM
1977-78 AWARD PERIOD

| | | RECOMMENDED FUNDING LEVEL | | FINAL STATE ALLOTMENT | | FINAL STATE PERCENTAGES |
|---|---|---|---|---|---|---|
| 10 | Alabama | 15,959,712 | | 7,711,489 | | 48.318472 |
| 11 | Alaska | 472,684 | | 405,896 | | 85.870476 |
| 12 | Arizona | 5,606,538 | | 3,700,951 | | 66.011382 |
| 13 | Arkansas | 5,029,850 | | 4,008,710 | | 79.698401 |
| 14 | California | 67,286,478 | | 33,777,348 | | 50.199319 |
| 15 | Colorado | 12,178,067 | | 5,526,662 | | 45.382096 |
| 16 | Connecticut | 7,338,544 | | 4,216,631 | | 57.458687 |
| 17 | Delaware | 1,112,498 | | 909,571 | | 81.759338 |
| 18 | District of Columbia | 5,669,501 | | 2,572,938 | | 45.382096 |
| 19 | Florida | 15,224,758 | | 11,111,944 | | 72.986014 |
| 20 | Georgia | 9,338,711 | | 8,602,839 | | 92.120197 |
| 21 | Hawaii | 1,908,702 | | 1,295,226 | | 67.856095 |
| 22 | Idaho | 3,510,485 | | 1,593,132 | | 45.382096 |
| 23 | Illinois | 28,967,520 | | 15,948,979 | | 55.059141 |
| 24 | Indiana | 12,441,475 | | 7,288,198 | | 58.573855 |
| 25 | Iowa | 10,911,876 | | 4,952,038 | | 45.382096 |
| 26 | Kansas | 6,158,462 | | 3,607,131 | | 58.571945 |
| 27 | Kentucky | 8,563,339 | | 6,470,295 | | 75.558065 |
| 28 | Louisiana | 9,119,580 | | 8,681,863 | | 95.209230 |
| 29 | Maine | 9,901,791 | | 4,493,640 | | 45.382096 |
| 30 | Maryland | 12,212,962 | | 5,808,008 | | 47.556097 |
| 31 | Massachusetts | 47,716,164 | | 21,654,595 | | 45.382096 |
| 32 | Michigan | 25,366,217 | | 13,733,857 | | 54.142315 |
| 33 | Minnesota | 19,950,537 | | 9,053,972 | | 45.382096 |
| 34 | Mississippi | 10,547,754 | | 6,347,801 | | 60.181542 |
| 35 | Missouri | 14,709,858 | | 7,583,347 | | 51.552823 |
| 36 | Montana | 4,843,891 | | 2,198,259 | | 45.382096 |
| 37 | Nebraska | 3,856,833 | | 2,457,640 | | 63.721012 |
| 38 | Nevada | 1,179,092 | | 758,461 | | 64.325854 |
| 39 | New Hampshire | 6,955,899 | | 3,156,733 | | 45.382096 |
| 40 | New Jersey | 10,001,053 | | 9,256,386 | | 92.554114 |
| 41 | New Mexico | 8,539,411 | | 3,875,364 | | 45.382096 |
| 42 | New York | 51,964,886 | | 28,868,467 | | 55.553726 |
| 43 | North Carolina | 18,056,770 | | 9,942,960 | | 55.069918 |
| 44 | North Dakota | 4,385,027 | | 1,990,017 | | 45.382096 |
| 45 | Ohio | 23,122,515 | | 15,642,871 | | 67.652117 |
| 46 | Oklahoma | 8,844,038 | | 5,097,828 | | 57.641406 |
| 47 | Oregon | 18,887,154 | | 8,571,386 | | 45.382096 |
| 48 | Pennsylvania | 28,777,910 | | 16,920,276 | | 58.796096 |
| 49 | Rhode Island | 5,245,352 | | 2,380,451 | | 45.382096 |
| 50 | South Carolina | 7,415,177 | | 5,944,485 | | 80.166961 |
| 51 | South Dakota | 6,499,629 | | 2,949,668 | | 45.382096 |
| 52 | Tennessee | 11,270,463 | | 7,479,350 | | 66.362432 |
| 53 | Texas | 26,924,716 | | 20,860,684 | | 77.477824 |
| 54 | Utah | 3,575,662 | | 2,280,261 | | 63.771715 |
| 55 | Vermont | 6,561,347 | | 2,977,677 | | 45.382096 |
| 56 | Virginia | 9,562,389 | | 7,757,660 | | 81.126718 |
| 57 | Washington | 17,768,814 | | 8,063,860 | | 45.382996 |
| 58 | West Virginia | 6,190,294 | | 3,299,198 | | 53.296305 |
| 59 | Wisconsin | 17,687,380 | | 8,026,304 | | 45.382096 |
| 60 | Wyoming | 1,413,137 | | 641,312 | | 45.382096 |
| 61 | U. S. Service Schools | | | | | |
| 62 | Canal Zone | | | | | |
| 63 | Pacific Islands | 463,198 | | 463,198 | | 100.000000 |
| 64 | Puerto Rico | 6,168,927 | | 6,168,927 | | 100.000000 |
| 66 | Virgin Islands | 31,046 | | 31,046 | | 100.000000 |
| | TOTALS | $683,396,073 | | $389,118,390 | | 56.938920 |

# THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
## 1977-78 AWARD PERIOD

| | SEOG INITIAL YEAR FUNDING | RECOMMENDED FUNDING LEVEL | FINAL STATE ALLOTMENT | FINAL STATE PERCENTAGES |
|---|---|---|---|---|
| 10 | Alabama | 6,784,323 | 1,988,863 | 29.315571 |
| 11 | Alaska | 660,082 | 171,862 | 26.036413 |
| 12 | Arizona | 4,639,956 | 1,652,128 | 35.606545 |
| 13 | Arkansas | 917,742 | 768,627 | 83.751970 |
| 14 | California | 43,004,441 | 16,688,844 | 38.807257 |
| 15 | Colorado | 8,130,024 | 2,116,767 | 26.036413 |
| 16 | Connecticut | 4,712,561 | 1,521,803 | 32.292484 |
| 17 | Delaware | 538,432 | 320,784 | 59.577440 |
| 18 | District of Columbia | 3,153,209 | 875,959 | 27.779922 |
| 19 | Florida | 7,266,861 | 3,550,795 | 48.862845 |
| 20 | Georgia | 3,281,827 | 2,293,458 | 69.883574 |
| 21 | Hawaii | 837,533 | 506,807 | 60.511884 |
| 22 | Idaho | 959,342 | 412,005 | 42.946624 |
| 23 | Illinois | 21,590,643 | 5,695,529 | 26.379617 |
| 24 | Indiana | 7,538,554 | 2,485,523 | 32.970819 |
| 25 | Iowa | 6,602,153 | 1,718,964 | 26.036413 |
| 26 | Kansas | 3,027,703 | 1,388,570 | 45.862160 |
| 27 | Kentucky | 3,527,045 | 1,565,460 | 44.384463 |
| 28 | Louisiana | 3,001,889 | 1,826,622 | 60.849085 |
| 29 | Maine | 6,920,077 | 1,801,740 | 26.036413 |
| 30 | Maryland | 8,168,671 | 2,126,829 | 26.036413 |
| 31 | Massachusetts | 19,072,332 | 4,965,750 | 26.036413 |
| 32 | Michigan | 16,744,131 | 4,493,245 | 26.834746 |
| 33 | Minnesota | 15,246,132 | 3,969,546 | 26.036413 |
| 34 | Mississippi | 4,821,757 | 1,255,413 | 26.036413 |
| 35 | Missouri | 5,356,480 | 2,496,788 | 46.612477 |
| 36 | Montana | 992,882 | 384,222 | 38.697650 |
| 37 | Nebraska | 1,758,543 | 853,835 | 48.553547 |
| 38 | Nevada | 684,663 | 341,631 | 49.897687 |
| 39 | New Hampshire | 4,073,032 | 1,060,471 | 26.036413 |
| 40 | New Jersey | 5,290,341 | 2,964,190 | 56.030226 |
| 41 | New Mexico | 3,654,357 | 951,463 | 26.036413 |
| 42 | New York | 29,683,877 | 11,834,122 | 40.035613 |
| 43 | North Carolina | 8,067,278 | 2,957,872 | 36.665056 |
| 44 | North Dakota | 3,102,252 | 807,715 | 26.036413 |
| 45 | Ohio | 16,593,850 | 4,727,584 | 28.489977 |
| 46 | Oklahoma | 3,135,144 | 1,869,568 | 59.632604 |
| 47 | Oregon | 12,092,267 | 3,148,393 | 26.036413 |
| 48 | Pennsylvania | 15,563,154 | 5,361,057 | 34.447111 |
| 49 | Rhode Island | 2,995,690 | 779,970 | 26.036413 |
| 50 | South Carolina | 2,770,735 | 1,571,843 | 56.730182 |
| 51 | South Dakota | 2,875,503 | 748,678 | 26.036413 |
| 52 | Tennessee | 5,624,407 | 2,086,165 | 37.091288 |
| 53 | Texas | 12,911,735 | 6,659,037 | 51.573526 |
| 54 | Utah | 1,381,730 | 1,015,457 | 73.491710 |
| 55 | Vermont | 4,947,721 | 1,288,209 | 26.036413 |
| 56 | Virginia | 4,998,690 | 2,387,470 | 47.761914 |
| 57 | Washington | 14,388,272 | 3,746,190 | 26.036413 |
| 58 | West Virginia | 2,638,175 | 814,758 | 30.883395 |
| 59 | Wisconsin | 19,123,485 | 4,979,069 | 26.036413 |
| 60 | Wyoming | 702,746 | 182,970 | 26.036413 |
| 61 | U. S. Service Schools | | | |
| 62 | Canal Zone | | | |
| 63 | Guam | 48,552 | 48,552 | 100.000000 |
| 64 | Puerto Rico | 9,492,525 | 2,471,513 | 26.036413 |
| 65 | Virgin Islands | 29,484 | 17,662 | 59.903677 |
| | TOTALS | $396,124,990 | $134,768,347 | 34.021673 |

# THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM

## 1977-78 AWARD PERIOD

| | | SEOG CONTINUING YEAR FUNDING | RECOMMENDED FUNDING LEVEL | FINAL STATE ALLOTMENT | UNIFORM NAT'L PERCENTAGE |
|---|---|---|---|---|---|
| 10 | Alabama | 3,653,008 | | 1,948,296 | 53.334022 |
| 11 | Alaska | 189,709 | | 101,179 | 53.334022 |
| 12 | Arizona | 2,180,250 | | 1,162,815 | 53.334022 |
| 13 | Arkansas | 820,708 | | 437,717 | 53.334022 |
| 14 | California | 20,300,323 | | 10,826,979 | 53.334022 |
| 15 | Colorado | 3,195,993 | | 1,704,551 | 53.334022 |
| 16 | Connecticut | 2,914,581 | | 1,554,463 | 53.334022 |
| 17 | Delaware | 397,605 | | 212,059 | 53.334022 |
| 18 | District of Columbia | 1,543,771 | | 823,355 | 53.334022 |
| 19 | Florida | 4,719,544 | | 2,517,123 | 53.334022 |
| 20 | Georgia | 2,354,439 | | 1,255,717 | 53.334022 |
| 21 | Hawaii | 552,731 | | 294,794 | 53.334022 |
| 22 | Idaho | 614,754 | | 327,873 | 53.334022 |
| 23 | Illinois | 9,275,975 | | 4,947,250 | 53.334022 |
| 24 | Indiana | 5,142,957 | | 2,742,943 | 53.334022 |
| 25 | Iowa | 4,161,583 | | 2,219,540 | 53.334022 |
| 26 | Kansas | 2,036,751 | | 1,086,282 | 53.334022 |
| 27 | Kentucky | 1,902,898 | | 1,014,892 | 53.334022 |
| 28 | Louisiana | 1,847,247 | | 985,211 | 53.334022 |
| 29 | Maine | 4,474,303 | | 2,386,325 | 53.334022 |
| 30 | Maryland | 4,850,423 | | 2,586,926 | 53.334022 |
| 31 | Massachusetts | 11,855,532 | | 6,323,032 | 53.334022 |
| 32 | Michigan | 11,451,789 | | 6,107,700 | 53.334022 |
| 33 | Minnesota | 6,954,066 | | 3,708,883 | 53.334022 |
| 34 | Mississippi | 2,982,645 | | 1,590,764 | 53.334022 |
| 35 | Missouri | 3,513,721 | | 1,874,008 | 53.334022 |
| 36 | Montana | 568,123 | | 303,002 | 53.334022 |
| 37 | Nebraska | 1,155,371 | | 616,206 | 53.334022 |
| 38 | Nevada | 257,925 | | 137,562 | 53.334022 |
| 39 | New Hampshire | 2,747,471 | | 1,465,337 | 53.334022 |
| 40 | New Jersey | 3,412,261 | | 1,819,896 | 53.334022 |
| 41 | New Mexico | 2,373,341 | | 1,265,798 | 53.334022 |
| 42 | New York | 13,722,748 | | 7,318,894 | 53.334022 |
| 43 | North Carolina | 5,737,480 | | 3,060,029 | 53.334022 |
| 44 | North Dakota | 1,996,129 | | 1,064,615 | 53.334022 |
| 45 | Ohio | 9,195,157 | | 4,904,147 | 53.334022 |
| 46 | Oklahoma | 1,616,424 | | 862,104 | 53.334022 |
| 47 | Oregon | 4,406,776 | | 2,350,311 | 53.334022 |
| 48 | Pennsylvania | 11,401,590 | | 6,080,926 | 53.334022 |
| 19 | Rhode Island | 1,665,308 | | 888,176 | 53.334022 |
| 50 | South Carolina | 2,154,912 | | 1,149,301 | 53.334022 |
| 51 | South Dakota | 1,701,571 | | 907,516 | 53.334022 |
| 52 | Tennessee | 3,624,458 | | 1,933,069 | 53.334022 |
| 53 | Texas | 8,092,542 | | 4,316,078 | 53.334022 |
| 54 | Utah | 961,246 | | 512,672 | 53.334022 |
| 55 | Vermont | 3,183,417 | | 1,697,845 | 53.334022 |
| 56 | Virginia | 2,669,167 | | 1,423,574 | 53.334022 |
| 57 | Washington | 5,024,210 | | 2,679,614 | 53.334022 |
| 58 | West Virginia | 2,084,991 | | 1,112,010 | 53.334022 |
| 59 | Wisconsin | 9,497,762 | | 5,065,538 | 53.334022 |
| 60 | Wyoming | 481,620 | | 256,867 | 53.334022 |
| 61 | U. S. Service Schools | | | | |
| 62 | Canal Zone | | | | |
| 63 | Guam | 26,512 | | 14,140 | 53.334022 |
| 64 | Puerto Rico | 2,348,438 | | 1,252,516 | 53.334022 |
| 66 | Virgin Islands | 9,283 | | 4,950 | 53.334022 |
| | TOTALS | $216,003,533 | | $115,203,370 | 53.334022 |

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